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City of Los Angeles



Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT

1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
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November 12, 2021

Council File: 16-0345-S5
Council Districts: 4
Contact Persons: Jeremy Johnson: (213) 808-8964
Apolinar Abrajan: (213) 808-8947

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO RE-ISSUE A TAX-EXEMPT MULTIFAMILY CONDUIT REVENUE BOND IN THE AMOUNT UP TO \$25,000,000 FOR MCCADDEN CAMPUS SENIOR HOUSING, A SUPPORTIVE AND AFFORDABLE HOUSING PROJECT

SUMMARY

The General Manager of the Los Angeles Housing Department ("LAHD") respectfully requests authority to re-issue a tax-exempt multifamily conduit revenue bond in the amount not to exceed \$25,000,000 for the development of McCadden Campus Senior Housing ("Project"). The Project consists of a 98-unit development located at 1118 N. McCadden Place, Los Angeles CA, 90038 in Council District 4, currently in development by Thomas Safran & Associates, Inc., with a total per-unit development cost of \$531,770 and a per-unit HHH subsidy of \$56,122. The deadline for the re-issuance is December 1, 2021, which is the maturity date of the tax-exempt bond construction loan.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. ADOPT the Resolution, provided as Attachment A to this report, authorizing the re-issuance of up to \$25,000,000 in tax-exempt multifamily conduit revenue bond for the development of the McCadden Campus Senior Housing project; and,
 - B. AUTHORIZE the General Manager of LAHD, or designee, to negotiate and execute the relevant bond documents for the Project, subject to the approval of the City Attorney as to form.

BACKGROUND

Project Summary

The proposed supportive housing development is located at 1118 N. McCadden Place, Los Angeles, CA 90038, in Council District 4. The project involves the new construction of a five-story building with 98 units serving seniors (minimum age 62). The unit mix will include 19 studios, 75 one-bedroom units, and four two-bedroom units, one of which will be an unrestricted manager's unit. The units will range from 400 to 850 square feet (sf), and the two-bedroom manager's unit will be approximately 850 sf. The Project will provide 97 units for low-income seniors and seniors that formerly experienced homelessness. Project amenities will include approximately 920 square feet of indoor community space with a television and seating area, a computer room, a lobby, restrooms, and laundry facilities. The project will also have well-designed outdoor space, including a 4,700 square-foot main courtyard with landscaped areas and pathways, integrating it into the larger campus. Of note, McCadden Campus Senior Housing will be across the street from the Village at Ed Gould Plaza, which provides senior services. Project residents will have access to comprehensive supportive services, job training, counseling, media classrooms, social programming, and community-serving retail, theater, and galleries at the facility. Each unit will have a refrigerator, oven and stove, air conditioning and heating, and cable and internet hook-ups. There will be two elevators and a two-story subterranean parking garage.

Financing History

Previously, LAHD executed an inducement letter on April 26, 2018 for an amount not to exceed \$31,250,000. The letter evidenced the official intent of the City of Los Angeles to issue bond(s) for the development. The letter was executed pursuant to previous authority granted to LAHD by the City Council and Mayor (C.F. No. 04-2646). On May 18, 2018, on behalf of McCadden Plaza, L.P. ("Borrower"), LAHD submitted a bond application to CDLAC requesting a \$25,000,000 bond allocation and was awarded the allocation on September 19, 2018. A copy of the inducement letter was included as part of the bond application.

Per the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") requirements, on June 13, 2018, a TEFRA Resolution was approved by the City Council and the Mayor (C.F. No. 16-0345-S5). The TEFRA Resolution summarized that a public hearing was publicized, took place, and the hearing minutes were provided to the City Council and the Mayor. Evidence of the TEFRA process was supplied to CDLAC on June 18, 2018. On September 19, 2018, CDLAC awarded the \$25,000,000 bond allocation and required that the bond be issued by March 18, 2019. The bonds were issued on December 19, 2018.

A re-issuance of the bonds is needed because the borrower is seeking an extension of the conversion date and therefore of the interest-only construction period. The extension will cause a change in yield of approximately 35 basis points which exceeds the 25 basis point limit given in the Internal Revenue Service ("IRS") reissuance regulations. This is because the tax-exempt bond was expected to be yielding approximately 5.36% from 9/1/2021 to maturity; but under the proposed amendment for a portion of that period the bond is treated as accruing interest at the lower construction period interest rate. Additionally, the borrower wants to increase the permanent loan amount from \$10 million to \$11.5 million which also triggers a reissuance (independent of

the yield considerations above). There will be no new bond funds and only the bond loan agreement and indenture will be amended.

Sources and Uses

Tables 1, 2, and 3, below, provide a summary of the sources and uses for the Project, including cost per unit and cost category percentages.

TABLE 1 – CONSTRUCTION SOURCES			
Construction	Total Sources	Per Unit	% Total
Tax-Exempt Loan - Wells Fargo	\$25,000,000	\$255,102	48%
LAHD HHH Loan	\$5,500,000	\$56,122	11%
LAHD CDBG Loan	\$4,930,158	\$50,308	9%
LAHD HEAP Loan	\$2,300,000	\$23,469	5%
LACDA – AHTF*	\$2,950,000	\$30,102	6%
City of West Hollywood	\$2,100,000	\$21,429	4%
Fed Home Loan Bank – Affordable Hsing Program	\$1,215,000	\$12,398	2%
Accrued/Deferred Soft Loan Interest	\$129,938	\$1,326	0%
Deferred Reserves/Costs	\$456,533	\$4,659	1%
Deferred Developer Fee	\$1,000,000	\$10,204	2%
General Partner Equity	\$650,000	\$6,633	1%
Additional General Partner Equity	\$2,558,671	\$26,109	5%
Tax Credit Limited Partner Equity	\$3,323,125	\$33,909	6%
TOTAL	\$52,113,425	\$531,770	100%

* Los Angeles County Development Authority (“LACDA”) Affordable Housing Trust Fund (“AHTF”)

TABLE 2 – PERMANENT SOURCES			
Permanent	Total Sources	Per Unit	% Total
Permanent Funding Loan - CCRC	\$11,500,000	\$117,347	22%
LAHD HHH Loan	\$5,500,000	\$56,122	11%
LAHD CDBG Loan	\$4,930,158	\$50,308	9%
LAHD HEAP Loan	\$2,300,000	\$23,469	5%
LACDA – AHTF*	\$3,000,000	\$30,612	6%
City of West Hollywood	\$2,100,000	\$21,429	4%
FHLB – AHP	\$1,215,000	\$12,398	2%
Department of Mental Health (DMH)	\$1,000,000	\$10,204	2%
Accrued/Deferred HHH Interest	\$129,938	\$1,326	0%
Deferred Developer Fee	\$1,000,000	\$10,204	2%
General Partner Equity	\$1,150,000	\$11,735	2%
Tax Credit Limited Partner Equity	\$18,288,329	\$186,616	35%
TOTAL	\$52,113,425	\$531,770	100%

TABLE 3 – USES OF FUNDS			
Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	\$5,033,259	\$51,360	10%
Construction Hard Costs	\$36,022,689	\$367,578	69%
Architecture & Engineering	\$1,919,483	\$19,587	4%
Construction Interest Fees and Expenses	\$3,910,671	\$39,905	7%
Permanent Financing Costs	\$135,000	\$1,378	0%
Total Hard Contingency Costs	\$250,000	\$2,551	0%

Total Soft Contingency Costs	\$0	\$0	0%
Legal Costs	\$376,532	\$3,842	1%
Capitalized Reserves	\$321,533	\$3,281	1%
Permits and Local Fees	\$1,077,339	\$10,993	2%
Developer Fee	\$1,000,000	\$10,204	2%
Other Project Costs	\$2,066,919	\$21,091	4%
Relocation (only if applicable)	\$0	\$0	0%
TOTAL*	\$52,113,425	\$531,770	100%

Labor Costs

Labor costs for the Project are subject to California prevailing wage requirements, and/or federal wage requirements under the Davis–Bacon Act of 1931 and Related Acts, as applicable.

Affordability Restrictions

Pursuant to the City’s Affordable Housing Bond Policies & Procedures (“AHBPP”) for Private Activity Bonds for Multifamily Rental Properties, approved September 24, 2019, the Project must provide long-term affordable housing in the City of Los Angeles. Therefore, in connection with the issuance of the tax-exempt bond(s), a Bond Regulatory Agreement was executed and recorded in the official records of the Los Angeles County Recorder’s Office. The Bond Regulatory Agreement included affordability restrictions throughout a term ending no sooner than the later of: 1) 15 years after the date on which 50% of the dwelling units are first occupied; 2) the date such bond(s) are paid in full; or, 3) the date on which any Section 8 assistance terminates, if applicable. In addition to the above, the bond award includes a CDLAC Resolution, which requires that the Project’s affordable housing units remain affordable for 55 years.

Additionally, on June 13, 2018, the Project was awarded an allocation of 4% Low Income Housing Tax Credits (“LIHTC”) from the California Tax Credit Allocation Committee (“CTCAC”). The Bond Regulatory Agreement does not require amending as part of the tax-exempt bond re-issuance, and will remain in force. As a result of this award, the project will have affordability restrictions for a term of 55 years. The CDLAC affordability restrictions mean that for at least 55 years at least 40% of the units have to be rented at or below 60% of the area median income.

At least 56 supportive and affordable housing units will be targeted toward low income and formerly homeless seniors, aged 62 years and older, at or below 50% of Area Median Income (“AMI”), and 41 affordable units shall be reserved for seniors whose income is at 60% or below AMI. Table 4, below, provides a summary of the project unit mix, pursuant to the CDLAC Resolution.

TABLE 4 – CDLAC AFFORDABILITY RESTRICTIONS				
Unit Type	Units at or below 50% AMI	Units at or below 60% AMI	Un-restricted (Manager's Unit)	Total Number of Units
Studio	12	7		19
One-Bedroom	41	34		75
Two-Bedroom	3		1	4
Total	56	41	1	98

Development Team

The Borrower/Sponsor is McCadden Plaza, L.P., a California limited partnership, comprised of McCadden Plaza Affordable Housing, LLC, as administrative general partner; McCadden Campus LLC, as managing general partner; and Wells Fargo Affordable Housing Community Development Corporation (Wells Fargo), as investor limited partner. Thomas L. Safran is the managing member of McCadden Plaza Affordable Housing LLC. Wells Fargo Affordable Housing Community Development Corporation owns 99% of the limited partnership, while McCadden Plaza Affordable Housing, LLC owns 0.0049%, and McCadden Campus LLC owns 0.0051%. The Borrower entity is currently in compliance with HCIDLA's Business Policy (Council File No. 99-1272).

Thomas Safran & Associates, Inc. key staff members are: Jordan Pynes, President; Sara Dabbs, Vice President, Development; and Alex Knott, Development Assistant.

The developer, Thomas Safran & Associates, Inc., has previously been, or is currently, involved with the development of 24 multifamily rental housing projects consisting of a total of 1,862 housing units.

Borrower: McCadden Plaza, L.P.
11812 San Vicente Blvd., Suite 600
Los Angeles, CA 90049
Contact: Tyler Monroe
Phone: (310) 820-4888

Additional Project development team members are:

Developer: Thomas Safran & Associates, Inc.
11811 San Vicente Blvd
Los Angeles, CA 90049
Contact: Sara Dabbs
Phone: (424)372-9875

Architect: Killefer Flammang Architects.
1625 Olympic Blvd.
Santa Monica, CA 90404
Contact: Barbara Flammang
Phone: (310) 399-7975

Attorney: Bocarsly Emden

633 W Fifth Street, 70th Floor
Los Angeles, CA 90071
Contact: Nicole Deddens
Phone: (213) 239-8029

General Contractor: Alpha Construction Co. Inc.
14601 Aetna Street
Van Nuys, CA 91411
Contact: Louis Laxineta
Phone: (818)779-3000

Property Manager: Thomas Safran & Associates, Inc.
11812 San Vicente Blvd., Suite 600
Los Angeles, CA 90049
Contact: Jordan Pynes
Phone: (310) 820-4888

Tax Credit Investor: Wells Fargo Affordable Housing Community Development Corporation
2030 Main Street, Suite 800
Irvine, CA 92614
Contact: Paul Buckland
Phone: (949) 251-6065

Financial Structure

The City, as Issuer, previously issued the bonds (“Bonds”), which were unenhanced and unrated but subject to the City’s AHBPP, in two or more series. The Bonds were purchased by Wells Fargo (“Bondowner”) (“Lender”). The Issuer made a loan of the sale proceeds of the Bonds to the Borrower in the amount of \$25,000,000 (“Construction Loan”), pursuant to the terms of a Loan Agreement among the Issuer, the Bondowner, and the Borrower. The Construction Loan will convert to a permanent loan in an amount not to exceed \$11,500,000 (the “Permanent Loan”). The Borrower executed a promissory note (“Note”) as evidence to repay the Loan. The Issuer assigned the Note to U.S Bank National Association (“Trustee”) acting under an Indenture of Trust (“Indenture”) among the City, Trustee, and Bondowner as security for the Bonds. Among its various functions, the Trustee received funds advanced by Bondowner in exchange for additional principal amount of the Bonds and release such funds to the Borrower for the Project construction. The Construction Loan had a term of 26 months. The tax-exempt Bond has an interest rate equal to the 30-Day London Inter-Bank Offered Rate (“LIBOR”) variable rate plus 1.65% basis points adjusted monthly (0.09%), with a LIBOR index floor rate of .025%; the current indicative rate is 1.90%. During the construction phase, the monthly payments are interest only and the loan shall mature in 26 months (with a possible six-month extension).

At conversion from construction financing to permanent financing, the Construction Loan will be paid down with sources available at the permanent financing phase, including investor equity. Concurrently, the tax-exempt Permanent Loan with the California Community Reinvestment Corporation (CCRC) will convert to an

amortizing loan and will have a 40/18-year amortization schedule/term period at the fixed interest rate that was locked at construction closing; the current indicative rate is 5.36%.

The financing structure includes financing or loans from HCIDLA through the Proposition HHH Supportive Housing Loan Program (HHH) (CF# 16-345-S5) in the amount of \$5,500,000 (C-132577) and \$4,930,158 (C-130714) in Community Development Block Grant (CDBG) funds through the Affordable Housing Managed Pipeline (AHMP) (CF#16-1091-S4); \$2,300,000 in funds from the Housing Emergency Assistance Program (HEAP) (CF# 16-345-S7); \$25,000,000 from 4% federal tax credit equity and state tax credit equity through Wells Fargo; funds in the amount of \$1,000,000 through the California Housing Finance Agency (CalHFA) and the Los Angeles County Department of Mental Health (DMH) to come in at conversion to permanent financing; \$2,100,000 from the City of West Hollywood; \$1,215,000 from Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP), and \$2,950,000 from the Community Development Commission of the County of the Los Angeles (LACDC). In addition, the Project will be receiving rental subsidy from the Housing Authority of the City of Los Angeles (HACLA) in the form of 25 Project-Based Vouchers (PBV).

LAHD requires that the Lender meet the City's Responsible Banking Ordinance #182138 reporting requirements. At closing, bond counsel will provide the required legal opinions as to the tax-exempt status of the interest on the Bond, under federal and state law. The legal and financing documents will include language that establishes the bond structure as a limited obligation and strictly payable from Project revenues. The Project financing complies with both the City's AHBPP and Financial Policies. Additionally, the legal and financing documents will require the Borrower to provide annual statements and information as requested by LAHD.

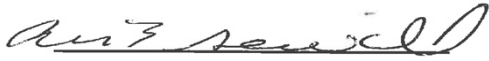
LAHD's Bond Team for the financing of the Project is as follows:

Bond Issuer Municipal Advisor:	CSG Advisors, Inc. 315 W. 5 th Street, Suite 302 Los Angeles, CA 90013
Bond Issuer Counsel:	Los Angeles City Attorney 200 N. Spring Street, 21st Floor Los Angeles, CA 90012
Bond Counsel:	Kutak Rock LLP 777 S. Figueroa Street, Suite 4550 Los Angeles, CA 90017

FISCAL IMPACT

There is no fiscal impact to the General Fund as a result of the re-issuance of the bond(s). The City is a conduit issuer and will not incur liability for repayment of the bond(s). The bond(s) is a limited obligation, payable strictly from revenue derived from the Project. The City will not be obligated to make payments on the bond(s).

Approved By:

A handwritten signature in dark ink, appearing to read "Ann Sewill", written in a cursive style.

ANN SEWILL

General Manager

Los Angeles Housing Department

ATTACHMENTS:

Attachment A – Bond Resolution Reissue 2022

Attachment B – Regulatory agreement

Attachment C – Loan Agreement

Attachment D – Indenture

Attachment E – Supplemental Indenture

RESOLUTION
CITY OF LOS ANGELES

A RESOLUTION APPROVING FOR PURPOSES OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 THE TECHNICAL REISSUANCE OF BONDS BY THE CITY OF LOS ANGELES TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT LOCATED WITHIN THE CITY OF LOS ANGELES AND APPROVING, FURTHER, CERTAIN AMENDMENTS TO THE EXISTING BOND DOCUMENTS.

WHEREAS, the City of Los Angeles (the “City”) is authorized, pursuant to Section 248, as amended, of the City Charter (the “Charter”) of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (the “Law”), to issue its revenue bonds for the purposes of providing permanent financing for the acquisition, construction and development of multifamily rental housing for persons and families of low or 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 previously issued its Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K in the aggregate principal amount of \$25,000,000 (the “Bond”) pursuant to an Indenture of Trust dated as of December 1, 2018 (the “Indenture”) among the City, U.S. Bank National Association, as trustee (the “Trustee”) and Wells Fargo Bank, National Association, as Initial Bondowner Representative (“Bondowner Representative”) to fund a loan to finance the acquisition, construction and equipping of that certain multifamily rental housing project described in paragraph 9 below (the “Project”); and

WHEREAS, the Project is located wholly within the City; and

WHEREAS, the owner of the Project, McCadden Plaza, L.P., has requested that the City approve modifications to the Indenture and certain other loan documents to increase the permanent loan amount of the Bond pursuant to a First Supplement to Indenture of Trust (the “Supplemental Indenture”); and

WHEREAS, it is in the public interest and for the public benefit that the City authorize, execute and deliver as necessary the Supplemental Indenture and it is within the powers of the City to provide for such amendments; and

WHEREAS, the amendments effected by the Supplemental Indenture will cause the Bond to be “reissued” under the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the interest on the “reissued” Bond may qualify for a federal tax exemption under Section 142(a)(7) of the Code, only if such reissued 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 (or of the governmental unit on behalf of which the Bond is issued) and an elected representative of the governmental unit having jurisdiction over the area in which the relevant 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 [REDACTED], 2021, to the effect that a public hearing would be held on [REDACTED], 2021, regarding the reissuance of the Bond; and

WHEREAS, 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, together with any written comments received in connection therewith, have been presented to the City Council; and

WHEREAS, the form of the Supplemental Indenture has been presented to the City Council;

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 and in accordance with the Act.
2. Pursuant to and solely for the purposes of Section 147(f) of the Code, the City Council hereby approves the reissuance of the Bond by the City in one or more series to finance the Project. It is intended that this Resolution constitute approval of the reissued Bond: (a) by the applicable elected representative of the issuer of the Bond and (b) by the applicable elected representative of the governmental unit having jurisdiction of the area in which the Project is located in accordance with said Section 147(f).
3. The execution and delivery on behalf of the City of the Supplemental Indenture substantially in the form presented to the City Council, for the purpose of (i) increasing the permanent loan amount of the Bond, (ii) extending the conversion date (iii) making various ancillary or conforming changes to the Supplemental Indenture and (iv) consenting to [Second Modification Agreement (Secured Loan)] (together with any other related amendments requiring the City's consent, the "Loan Agreement Amendment") is hereby approved, and each Authorized City Representative (as such term is defined in the Indenture) is hereby authorized and directed, for and on behalf of the City, to execute the Supplemental Indenture with such changes as such Authorized City Representative may approve upon consultation with the City Attorney and/or Bond

Counsel and approval by the City Attorney, such approval by the Authorized City Representative to be conclusively evidenced by the execution of such Supplemental Indenture.

4. All actions heretofore taken by the officers and agents of the City with respect to the sale and issuance of the Bond are hereby approved, confirmed and ratified, and each Authorized Representative 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.

5. The City Clerk of the City or any deputy thereof is hereby authorized to countersign or to attest the signature of any Authorized City Representative 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.

6. In addition to the Authorized City Representative, any official of the City, including any official of the Housing and Community Investment 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.

7. Each Authorized City Representative 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 the City 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.

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

9. The “Project” referred to herein is as follows:

Project Name	Number of Units	Address	Owner
McCadden Campus Senior Housing	98 units (including one manager unit)	1127 North Las Palmas Avenue (also known as 1118 North McCadden Place) Los Angeles, CA 90038	McCadden Plaza, L.P.

[Remainder of page intentionally left blank]

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on _____, 20__.

By _____

Name _____

Title _____

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
1650 FARNAM STREET
OMAHA, NE 68102
ATTENTION: J. TOGER SWANSON, ESQ.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

CITY OF LOS ANGELES,
as City

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

MCCADDEN PLAZA, L.P.,
as Borrower

relating to

**[\$25,000,000]
City of Los Angeles
Multifamily Housing Revenue Bond
(McCadden Campus Senior Housing)
Series 2018K**

Dated as of [_____ 1, 2018]

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EXHIBIT A	DESCRIPTION OF PROJECT SITE
EXHIBIT B	FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
EXHIBIT C	FORM OF INCOME CERTIFICATION
EXHIBIT D	FORM OF ANNUAL TENANT INCOME RECERTIFICATION
EXHIBIT E	FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE
EXHIBIT F	FORM OF CONSTRUCTION COMPLETION CERTIFICATE
EXHIBIT G	CDLAC RESOLUTION
EXHIBIT H	FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE
EXHIBIT I	ACCESSIBILITY COVENANTS
EXHIBIT J	FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

**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 [December 1, 2018] 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”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Indenture of Trust dated as of [December 1, 2018] (the “Indenture”) by and among the City, Wells Fargo Bank, National Association, as initial Bondowner Representative and the Trustee, with an office in Los Angeles, California, and **MCCADDEN PLAZA, L.P.**, a California limited partnership (the “Borrower”).

WITNESSETH:

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 notes and other evidence of indebtedness to finance the acquisition, construction and equipping of multifamily rental housing; and

WHEREAS, on April 26, 2018 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 McCadden Campus Senior Housing, a multifamily seniors residential rental housing project to be located in the City of Los Angeles at 1118 North McCadden Place 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 \$[25,000,000] aggregate principal amount of its Multifamily Housing Revenue Bond (McCadden Campus Senior Housing) Series 2018K (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 (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.

“*Bond*” means the City’s Multifamily Housing Revenue Bond (McCadden Campus Senior Housing) Series 2018K 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.

“*Bondowner Representative*” means, initially, Wells Fargo Bank, National Association and any successor entity pursuant to the Indenture.

“*Borrower*” means McCadden Plaza, 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. 18-092, adopted on September 19, 2018, 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 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; 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 certified as provided in Section 2(h) hereof as 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.

“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, 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 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 Indenture of Trust dated as of [December 1, 2018] by and among the City, the Trustee and the initial Bondowner Representative relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

“*Inducement Date*” means April 26, 2018.

“*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 [December 1, 2018] by and among the City, the Bondowner Representative 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 1118 North McCadden Place 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 U.S. Bank National Association 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 I, 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 36 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 Section 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 and persons 62 years of age and older, (2) to the extent not otherwise inconsistent with the requirements of 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 7th Street, 8th 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 [June] and [December] 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 managers) are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each [June] and [December] 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 98 units including 1 manager unit of which at least 55 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 at least 42 qualified residential units shall 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 50% AMI	Units at 60% AMI	Non-Income (Manager's Units)	Total Number of Units
Studio				
1-bedroom				
Total				

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 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 United States 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 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, (except restrictions upon occupancy of units to tenants aged 62 years of age and older), 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, or its successor. 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 or rehabilitation 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 Low Income Tenants, at the following four points in time:

(i) Upon initial move-in/lease execution, Borrower shall give written notice to all tenants of Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. 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 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 a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, 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 give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, the California Department of Housing and Community Development and the Los Angeles Housing and Community Investment Department.

(iii) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, 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. Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, the California Department of Housing and Community Development and the Los Angeles Housing and Community Investment Department.

(iv) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, 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.

Unless the Borrower meets the requirements of California Government Code 65863.13, pursuant to California Government Code 65863.11, prior or concurrent with the twelve month notice referenced above in (ii), the Borrower must provide notice of the opportunity to offer to purchase the assisted housing development to all qualified entities 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. The notice shall conform to the requirements of California Government Code 65863.11(h) and shall be sent to the entities by registered or certified, 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 (\$[25,000,000])). 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 [June] and [December] commencing [June 1, 2019]: (i) 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 the greater of: (A) during the period from the Closing Date to the Conversion Date, \$1,250 or one-half of 0.125% of the maximum principal amount of Bond issuable under the Indenture (\$[25,000,000]); and (B) from and after the Conversion Date, \$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 [December 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, unless such person otherwise qualifies for tenancy under this Agreement and such tenancy is approved in writing by the City.

(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, 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, 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 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 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, or (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. 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 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 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.

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 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# 18-124670 Facsimile: (213) 808-8918
with a copy to:	Los Angeles Housing and Community Investment Department P.O. Box 532729 Los Angeles, CA 90053-2729 Attention: Supervisor, Affordable Housing Bond Program HIMS # 18-124670
If to the Borrower:	McCadden Plaza, L.P. c/o Thomas Safran & Associates 11812 San Vicente Boulevard, Suite 600 Los Angeles, CA 90049 Attention: Andrew Gross Telephone: (310) 820-4888 Facsimile: (310) 207-6986

with a copy to:	<p>McCadden Campus LLC c/o Los Angeles LGBT Center 1125 North McCadden Place Los Angeles, CA 90038 Attention: Mike Holtzman</p>
with a copy to:	<p>Bocarsly Emden Cowan Esmail & Arndt LLP 64th Floor 633 West Fifth Street Los Angeles, CA 90071 Attention: Nicole Deddens Facsimile: (213) 559-0765</p>
with a copy to:	<p>Wells Fargo Affordable Housing Community Development Corporation MAC D1053-170 301 South College Street, 17th Floor Charlotte, NC 28288 Attention: Director of Asset Management</p>
with a copy to:	<p>Joel Hjelmaas, Counsel Wells Fargo Bank, N.A. MAC X2401 06T 1 Home Campus, 6th Floor Des Moines, IA 50328-0001</p>
with a copy to:	<p>Pillsbury Winthrop Shaw Pittman LLP 1200 Seventeenth Street NW Washington, DC 20036 Attention: Kimberly C. Moore</p>
If to the Trustee:	<p>U.S. Bank National Association 633 W. 5th Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust Ref: LA MF (McCadden Campus 2018K) Telephone: (213) 615-6024 Facsimile: (213) 615-6199</p>
If to the Bondowner Representative:	<p>Wells Fargo Bank, National Association Community Lending and Investment MAC# E2064-075 333 South Grand Avenue Los Angeles, CA 90071 Reference Loan # [_____] Attention: Loan Administration Officer Telephone: (213) 253-7260 Facsimile: (213) 253-7296</p>

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 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 Bond 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 it will (a) fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that 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) 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) 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 Requirements (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 of the Los Angeles Administrative Code, as it may be amended from time to time. The Borrower hereby agrees to execute and deliver a certificate in the form attached hereto as Exhibit H (or such other form as is required by the City) certifying that it has complied with the applicable provisions of this Ordinance. The Borrower acknowledges that failure to fully and accurately complete the affidavit 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 are 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 fifty percent (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 the 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 Bondholders 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 Bondholders, 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, 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.

[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: Los Angeles Housing and Community
Investment Department

By _____
Sean L. Spear
Assistant General Manager

Approved as to form:

CITY OF LOS ANGELES
MICHAEL N. FEUER,
City Attorney

Deputy/Assistant City Attorney

[Signature Page to *McCadden Campus* Regulatory Agreement]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____

Name: Julia Hommel

Title: Vice President

[Signature Page to *McCadden Campus* Regulatory Agreement]

MCCADDEN PLAZA, L.P., a California limited partnership

By: McCadden Campus LLC, a Delaware limited liability company, its managing general partner

By: Los Angeles LGBT Center, a California nonprofit public benefit corporation, its sole member

By: _____
Name: Lorri L. Jean
Its: Chief Executive Officer

By: McCadden Plaza Affordable Housing, LLC, a California limited liability company, its administrative general partner

By: _____
Name: Andrew Gross
Its: President

[Signature Page to *McCadden Campus* 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 in and for said State, personally appeared _____

(here insert name(s) of signers), 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 in and for said State, personally appeared _____

(here insert name(s) of signers), 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.

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WITNESS my hand and official seal.

Signature _____ [SEAL]

NOTARY ACKNOWLEDGMENT STATEMENT

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WITNESS my hand and official seal.

Signature _____ [SEAL]

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State of California)

County of _____)

On _____, before me, _____, a Notary Public in and for said State, personally appeared _____

(here insert name(s) of signers), 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

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

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING _____

\$[25,000,000]
City of Los Angeles
Multifamily Housing Revenue Bond
(McCadden Campus Senior Housing)
Series 2018K

The undersigned, being the Authorized Borrower Representative of McCadden Plaza, 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 [December 1, 2018] (the “Regulatory Agreement”), among the Borrower, the City and U.S. Bank National Association, as Trustee relative to the property located at 1118 North McCadden Place, 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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MCCADDEN PLAZA, L.P., a California limited partnership

By: McCadden Campus LLC, a Delaware limited liability company, its managing general partner

By: Los Angeles LGBT Center, a California nonprofit public benefit corporation, its sole member

By: _____
Name: Lorri L. Jean
Its: Chief Executive Officer

By: McCadden Plaza Affordable Housing, LLC, a California limited liability company, its administrative general partner

By: _____
Name: Andrew Gross
Its: President

[Signature Page to *McCadden Campus* 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: McCadden Campus Senior Housing, 1118 North McCadden Place, 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 the McCadden Campus Senior Housing located at 1118 North McCadden Place, 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
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(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
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(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:

Occupant	Anticipated Annual Income	Source of Income or Employer
(a) _____ _____	\$ _____	_____
(b) _____ _____	\$ _____	_____
(c) _____ _____	\$ _____	_____
(d) _____ _____	\$ _____	_____
(e) _____ _____	\$ _____	_____
(f) _____ _____	\$ _____	_____
TOTAL	\$ _____	

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:

[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

Project Name Change: No_____ Yes_____

(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name:

CDLAC Application No.: 18-372

Bond Issuer Change: No_____ Yes_____

(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer _____

Contact Information_____

Change in Borrower No_____ Yes_____

(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower _____

Contact Information _____

Change in Management Company No_____ Yes_____

If yes provide the Name of the New Management Company _____

Has the Qualified Project Period commenced? No_____ Yes_____

No_____ Yes_____ Already Submitted Certification_____

If yes please submit the Construction Completion Certificate (one time only)

Has the project been completed and placed in service?

No_____ Yes_____ Already Submitted Certification_____

If yes please submit Completion Certification (one time only)

Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default?

No_____ Yes_____

If so, please describe and explain?

Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No_____ Yes_____

If so, please describe and explain?

Federally Bond Restricted Units (Reflected in in PSR)	Other Restrictions (reflected in PSR)
Total (Reported in CDLAC Resolution)	

____at 50% AMI	____at 50% AMI	____at 50% AMI
----------------	----------------	----------------

____at 60% AMI	____ at 60% AMI	____at 60% AMI
----------------	-----------------	----------------

Total _____	Total_____	Total_____
-------------	------------	------------

Please attached a copy of the project's TCAC Project Status Report (PSR) or equivalent documentation.

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	_____	_____
-----------	-------	-------

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 and wellness, or skill building classes

____Health and 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 excepted)?

No_____ Yes_____ If no please explain.

Are all hour requirements being met?

No_____ Yes_____ If no please explain.

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. 18-092 (the “Resolution”), adopted by the California Debt Limit Allocation Committee (the “Committee”) on September 19, 2018, I, [_____], an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certificate, 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 allocations or any other available remedy.

Signature of Officer

Date _____

Printed Name of Officer

Title of Officer

EXHIBIT F

FORM OF CONSTRUCTION COMPLETION CERTIFICATE

1. Project Name: McCadden Campus Senior Housing
(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.: 18-372

3. Name of Bond Issuer: City of Los Angeles

4. Name of Borrower: McCadden Plaza, 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 percent 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) _____, 20____.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT G
CDLAC RESOLUTION

EXHIBIT H

FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE

EXHIBIT I

ACCESSIBILITY COVENANTS

The Accessibility Covenants (the “Covenants”) herein are attached to the Regulatory Agreement as an exhibit 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. 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:

“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 this Agreement.

“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, and the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of the Uniform Federal Accessibility Standards (“UFAS”); the Americans with Disabilities Act, (“ADA”), 42 U.S.C. §12101, et seq. including (1) Title II of the ADA and the implementing standards (“2010 ADA Standards”) at 28 C.F.R. Part 35 and the 2004 ADA Accessibility Guidelines (“ADAAG”) and Title III of the ADA, Part 36 and the implementing standards (“2010 ADA Standards”) at 28 C.F.R. Part 36, subpart D; California Government Code Section 11135 et seq.; the federal Fair Housing Act of 1968, as amended (“FHA”), 42 U.S.C. §§3601-3620; and its implementing regulations as 24 C.F.R. Parts 100, 103, 108, 110, and 121; implementing regulations and design standards for each of the preceding statutes; and the California Building Code Sections 11A and 11B.

“Accessibility Standards” means the standards adopted under the Accessibility Laws, specifically the following compliance standards:

- a. the new construction requirements of 24 C.F.R. pt. 8, including 24 C.F.R. §§ 8.22 and 8.32 as well as the new construction requirements of UFAS, or their successor standards;
- b. the Alternative Accessibility Standard; or 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 (i) or (ii);

- c. the requirements in ANSI A117.1-1986 and 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;
- d. 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;
- e. all applicable building codes in effect for the City of Los Angeles Building and Safety Department; and
- f. ADA accessibility provisions relevant to public use areas.

“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 - Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities (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).

“Fair Housing Policy Related to Disability” means the document containing the policy of the City, as amended periodically, that all affordable housing developments monitored by the City be constructed and operated in accordance with all applicable disability and fair housing laws and under which the Borrower is required to create a Property Management Plan (“Property Management Plan” or “PMP”) as described in Section 4 that must comply with the requirements and guidance in the Fair Housing Policy Related to Disability. The PMP must be consistent with the City’s Property Management Plan template and must be approved by the City along with other requirements, as amended periodically.

“Housing Development” or “Development” means the whole of one or more residential structures and appurtenant structures in the project, including common walkways and parking lots that were or are designed, constructed, altered, operated, administered or financed in whole or in part in connection with the issuance of Bonds.

“Housing Unit” means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping.

“Housing Unit with Hearing/Vision 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 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), 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), 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.

“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 online 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. 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 compliant with all applicable Accessibility Standards, as defined in Section 1, above, must be submitted to and approved by the City 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 the City 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 the City 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.
 4. The Final Accessibility Report at completion of construction must be approved by the City before any retention payment, certificate of occupancy, and final building permit can be issued by the Los Angeles Building and Safety Department.
 5. A list of State Certified Disabled Access Specialists can be found at the following link: https://www.apps.dgs.ca.gov/casp/casp_certified_list.aspx.
- d. If applicable, applicants/developers/owners must list all applicable standards on title page of plans and include the following note: *“This is a publicly funded housing project and must comply with California Building Code Chapters 11A & 11B.”*
 - e. If the Development is to be rehabilitated, accessibility retrofit of the Housing Development shall take place concurrently with any project rehabilitation.
 - f. The Accessible Housing Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the Accessible Housing Unit.
 - g. At least ten percent (10%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Borrower as Housing Units with Mobility Features.
 - h. At least 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 10% calculations shall each be based on the total number of units in the Housing Development. In determining the number of Accessible Housing Units required, any fractions of units shall be rounded up to the next whole number. Required Accessible Housing 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. The Accessible Housing Units shall be affordable for households with incomes at 30%, 50%, and 80% of area median income.
 - k. The project shall comply with the City’s Accessibility Regulations Matrix & Overview, Accessible Design/Construction Compliance Requirements, and the Accessibility Report Requirements.

- l. The Borrower shall adopt and comply with the City's Fair Housing Policy Related to Disability, as amended.
- m. 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.
- n. Following reasonable notice to the Borrower, the Borrower shall allow the City to conduct periodic onsite inspections of the Housing Development in order to verify compliance with the Accessibility Standards and policies.
- o. 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.
- p. The Borrower shall provide a list to the City of all Accessible Housing Units with unit number, bedroom size and type of Accessible Housing 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 the City's Fair Housing Policy Related to Disability to assure that information regarding the availability of Accessible Housing Units reaches eligible individuals with disabilities, and will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals whose disability requires the accessibility features of the particular unit. To this end, the Borrower will take the following steps when an Accessible Housing Unit becomes vacant:

- a. First, the Borrower will offer the unit to a current occupant of the Housing Development who has requested and needs the features of an Accessible Housing Unit;
- b. Second, the Borrower will offer the unit to a current occupant of a Housing Development under common control who has requested and needs the features of an Accessible Housing Unit;
- c. Third, the Borrower will offer the unit to an eligible, qualified applicant on the waiting list for Accessible Housing Units who needs the features of an Accessible Housing Unit;
- d. Fourth, the Borrower will make reasonable efforts to advertise the Accessible Housing Unit to qualified individuals who need the accessible features, including listing it as available to individuals who need the accessible features at <http://www/Housing.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 Housing.LACity.org website Outreach List.

In the event that more than one household has requested an Accessible Housing Unit, the Borrower will offer the 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 Housing Unit, then the Borrower may offer the unit to the next household on the conventional waiting list. Should that household choose not to occupy the Accessible Housing Unit, they will remain at the same position on the conventional waiting list. If the household chooses to occupy the Accessible Housing 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 legal notice by the Housing Development that there is an eligible applicant or existing resident with a disability who requires the accessibility features of that 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 transferring to a comparable conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

Section 4. Rental Policies. The Borrower shall adopt rental policies that meet the requirements of the ADA, the Fair Housing Act, 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 PMP approved by the City which describes affirmative marketing, tenanting, and other procedures to ensure that the Housing Development meets all of the fair housing requirements for individuals with disabilities. Within 90 days of bond issuance, the Housing Development must have an approved PMP.

Rental applications will include a section to be filled out by applicants requesting an accommodation or modification. Applicants will not be required to disclose a disability under any circumstances unless requesting an accommodation or modification and that disclosure shall pertain only to the accommodation or modification being requested. Outreach efforts to the disability community shall include, but not be limited to, notices and other communications describing the availability of such 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 over 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 Housing 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 for the following: (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 dwelling units are required to be leased or rented to low income tenants or persons 62 years of age and older, (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 gives to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

Section 6. Monitoring Requirements. The City will monitor the initial production and ongoing occupancy of the Accessible Housing Units and the Accessible Housing Development to ensure full compliance with the Accessibility Standards 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 units and site accessible for individuals with disabilities. The City shall inspect the construction and/or rehabilitation to verify that the correct number of Accessible Housing Units have been produced and that the necessary and required design elements have been constructed to make the units and site accessible for individuals with disabilities, in compliance with Sections 1 - 4 above, 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 Housing Units and nondiscrimination in regards to 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 Accessibility Housing Units, responding to reasonable accommodation and modification requests, implementation of the service animal policies, implementation of the policies for re-leasing empty Accessible Housing Units, and all elements contained in the Fair Housing Policy Related to Disability, as amended over time.

Section 7. Maintenance of Records. The Borrower agrees to keep and maintain books, accounts, reports, files, records, and other documents in accordance with the Fair Housing Policy Related to Disability. The Borrower shall maintain all records until [December] 1, 2026 or for 5 years, whichever is later.

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 to the principal office of the City as follows:

CITY:

City of Los Angeles
Housing and Community Investment Department
P.O. Box #532729
Los Angeles, CA 90053-2729
Attention: Portfolio Management and Accessible Housing Program

BORROWER:

McCadden Plaza, L.P.
c/o Thomas Safran & Associates
11812 San Vicente Boulevard, Suite 600
Los Angeles, CA 90049
Attention: Andrew Gross

with a copy to:

Los Angeles LGBT Center
1625 North Schrader Boulevard
Los Angeles, CA 90028-6213

Section 9. Term of the Accessibility Covenants. The covenants contained in the Covenants shall become effective upon the issuance of the Bond and shall terminate no earlier than at the end of the CDLAC Conditions set forth in the California Debt Limit Allocation Committee Resolution for the project, 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.

Section 11. Default; Enforcement. As part of ensuring compliance with the Accessibility Standards, 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 with the Accessibility Standards or any of the provisions of the Covenants, 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 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 HCID. The appeal shall be made in writing, and shall specify the grounds for the appeal. The appeal shall be filed with HCID 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. The City may waive the penalty imposed pursuant to this section if the 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 Housing 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. Americans with Disabilities Act. 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 and modifications 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, 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 this Regulatory Agreement 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. 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.

Section 18. Conflicts. If the provisions of the Covenants are inconsistent with the provisions of the Regulatory Agreement, the provisions of the Covenants shall be controlling.

Section 19. Third Party Beneficiary. The City is intended to be and is a third party beneficiary of the Covenants, and the City shall have the right (but not the obligation) to enforce the provisions of the Covenants and to pursue an action for specific performance of such provisions or other available remedy at law or in equity.

EXHIBIT J

FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

Project Name: McCadden Campus Senior Housing
(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.: 18-372

Name of Bond Issuer: City of Los Angeles

Name of Borrower: McCadden Plaza, 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

LOAN AGREEMENT

among

CITY OF LOS ANGELES,
as Issuer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Bondowner Representative

and

MCCADDEN PLAZA, L.P.,
a California limited partnership,
as Borrower

relating to

\$ _____
City of Los Angeles
Multifamily Housing Revenue Bond
(McCadden Campus Senior Housing)
Series 2018K

Dated as of _____, 2018

The interests of the Issuer in this Loan Agreement and the Note, excluding the Reserved Rights, have been assigned to U.S. Bank National Association, as Bond Trustee, pursuant to an Indenture of Trust dated as of _____, 2018 among the Issuer, U.S. Bank National Association, as Bond Trustee and Wells Fargo Bank, National Association, as Initial Bondowner Representative.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended and supplemented from time to time, this “Loan Agreement”) is made and entered into as of [REDACTED], 2018, by and among **CITY OF LOS ANGELES** (the “Issuer”), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, and its successors and assigns (“Bondowner Representative”), and **MCCADDEN PLAZA, L.P.**, a California limited partnership (the “Borrower”).

W I T N E S E T H:

WHEREAS, the Issuer is a municipal corporation and charter city under the laws of the State of California (the “State”); and

WHEREAS, pursuant to Section 248 of its Charter and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code (the “Law”), and, to the extent applicable, in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the “Act”), the Issuer is authorized and empowered to issue revenue bonds and apply the proceeds to make loans for the acquisition, construction and development of qualifying housing developments (defined in the Act to include buildings used to provide residential housing for four or more families); and

WHEREAS, Borrower has requested the Issuer to issue its Multifamily Housing Revenue Bond (McCadden Campus Senior Housing) Series 2018K in the original principal amount of \$ [REDACTED] (the “Bond”) for the purpose of making a loan (the “Loan”) to finance, in part, the acquisition and construction of a multifamily rental housing project (the “Improvements” or the “Project”) known as the McCadden Plaza Youth Housing Apartments, located at 1127 North Las Palmas Avenue, Los Angeles, California 90038 (the “Property”). Borrower is the owner of a fee interest in the Property. The Bond shall be issued pursuant to an Indenture of Trust of even date herewith by and among the Issuer, Bondowner Representative and U.S. Bank National Association, as Bond Trustee (the “Bond Trustee”) (as amended and supplemented from time to time, the “Indenture”); and

WHEREAS, the Issuer deems it desirable and in keeping with its governmental purpose to issue the Bond and lend the proceeds thereof to Borrower for the purposes described above under the terms and conditions contained in this Loan Agreement; and

WHEREAS, to evidence the Loan, Borrower is executing, in favor of the Issuer, that certain Promissory Note payable to the order of Issuer in the aggregate original principal amount of \$ [REDACTED] (as amended or supplemented from time to time, the “Note”), which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bond, and which Note will be endorsed over to Bond Trustee, and Borrower has executed or caused to be executed and delivered to Issuer the Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (as amended or supplemented from time to time, the “Deed of Trust”), recorded as of the Effective Date (as defined below) in the Official Records of the County of Los Angeles, California (the “Official Records”), with respect to the Project to secure, among other things, the payments due under the Note and this Loan Agreement, which

Deed of Trust shall be assigned by the Issuer to the Bond Trustee pursuant to that certain Assignment of Deed of Trust and Loan Documents, executed as of even date herewith (as amended or supplemented from time to time, the "Assignment of Deed of Trust"); and

WHEREAS, in order secure additional financing for the Project, Borrower has obtained the following:

(a) a loan made by the City of Los Angeles, a municipal corporation (the "City"), acting through the Los Angeles Housing and Community Investment Department Office of Community Investment and Infrastructure, in the original principal amount of \$5,500,000.00 from Proposition HHH Permanent Supportive Housing Loan Program funds (the "LAHCID HHH Loan") pursuant to the terms of that certain Loan Agreement dated on or about the date hereof, executed by and between the City and Borrower, as evidenced by that certain City Promissory Note Secured by the City Deed of Trust (Residual Receipts) dated on or about the date hereof, made by Borrower to the order of the City, and secured by that certain City Deed of Trust, Assignment of Rents and Security Agreement dated on or about the date hereof (the "LAHCID HHH Deed of Trust"), made by Borrower for the benefit of the City and recorded in the Official Records concurrently with the Deed of Trust; [NEED TO SEE DRAFT DOCS]

(b) a loan made by the City in the original principal amount of \$4,930,158.00 from community development block grant Program funds (the "LAHCID CDBG Loan") pursuant to the terms of that certain Loan Agreement dated on or about the date hereof, executed by and between the City and Borrower, as evidenced by that certain City Promissory Note Secured by the City Deed of Trust (Residual Receipts) dated on or about the date hereof, made by Borrower to the order of the City, and secured by that certain City Deed of Trust, Assignment of Rents and Security Agreement dated on or about the date hereof (the "LAHCID CDBG Deed of Trust"), made by Borrower for the benefit of the City and recorded in the Official Records concurrently with the Deed of Trust; and [NEED TO SEE DRAFT DOCS]

(c) a loan made by the Community Development Commission of the County of Los Angeles, a public body, corporate and politic, duly organized and validly existing under the Laws of the State of California (the "LACDC") in the original principal amount of \$3,000,000.00 (the "LACDC Loan") pursuant to the terms of that certain [Loan Agreement] dated on or about the date hereof, executed by and between the LACDC and Borrower, as evidenced by that certain Promissory Note dated on or about the date hereof, made by Borrower to the order of the LACDC, and secured by that certain [Deed of Trust, Assignment of Rents and Security Agreement] dated on or about the date hereof (the "LACDC Deed of Trust"), made by Borrower for the benefit of the LACDC and recorded in the Official Records concurrently with the Deed of Trust; [NEED TO SEE DRAFT DOCS]

(d) a loan made by the the City of West Hollywood, a [REDACTED] ("CWH") in the original principal amount of \$2,100,000.00 (the "CWH Loan") pursuant to the terms of that certain [Loan Agreement] dated on or about the date hereof, executed by and between the CWH and Borrower, as evidenced by

that certain [Promissory Note] dated on or about the date hereof, made by Borrower to the order of the CWH, and secured by that certain [Deed of Trust, Assignment of Rents and Security Agreement] dated on or about the date hereof (the "CWH Deed of Trust"), made by Borrower for the benefit of the CWH and recorded in the Official Records concurrently with the Deed of Trust; [NEED TO SEE DRAFT DOCS]

(e) an affordable housing program loan made by Wells Fargo Financial National Bank ("AHP Lender") in the original principal amount of \$500,000.00 (the "AHP Loan"), secured by a deed of trust encumbering the Property (the "AHP Deed of Trust") in favor of AHP Lender, the lien of which AHP Deed of Trust shall be junior and subordinate to the Deed of Trust; and

(f) a special needs housing program loan to be made by the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("CalHFA") in the original principal amount of \$560,000.00 (the "CalHFA Loan") pursuant to the terms of that certain SNHP Loan Disbursement Agreement to be executed by and between CalHFA and Borrower, as evidenced by that certain SNHP Promissory Note to be made by Borrower to the order of CalHFA, and to be secured by a deed of trust encumbering the Property (the "CalHFA Deed of Trust") in favor of CalHFA, the lien of which CalHFA Deed of Trust shall be junior and subordinate to the Deed of Trust;

WHEREAS, in connection with the above-referenced financing or otherwise in connection with Borrower's development of the Project, Borrower has agreed to restrict the operation of the Property pursuant to the terms of the following: [NEED TO SEE SUBORDINATE LOAN DOCS]

(i) that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of [REDACTED], 2018 (the "Regulatory Agreement"), executed by and among Issuer, Bond Trustee and Borrower;

(ii) that certain Rental Covenant Agreement Running with the Land (the "City Rental Covenant"), dated on September 10, 2018, executed by and between AMR Campus Qalich, Inc., a California nonprofit public benefit corporation, as the predecessor in interest of Borrower, and the City and recorded on September 13, 2018 as Instrument No. 20180942539 in the Official Records;

(iii) that certain Regulatory Agreement, dated on or about the date hereof (the "LAHCID HHH Regulatory Agreement"), executed by and between Borrower and the City with respect to the LAHCID HHH Loan;

(iv) that certain Regulatory Agreement, dated on or about the date hereof (the "LAHCID CDBG Regulatory Agreement"), executed by and between Borrower and the City with respect to the LAHCID CDBG Loan;

(v) that certain Regulatory Agreement, dated on or about the date hereof (the "LACDC Regulatory Agreement"), executed by and between Borrower and the LACDC with respect to the LACDC Loan;

(vi) that certain Regulatory Agreement, dated on or about the date hereof (the “CWH Regulatory Agreement”), executed by and between Borrower and the CWH with respect to the CWH Loan;

(vii) a regulatory agreement (the “CalHFA Regulatory Agreement”) to be executed by and between Borrower and CalHFA with respect to the CalHFA loan;

(viii) an extended use agreement (the “TCAC Regulatory Agreement”) to be executed by and between Borrower and TCAC in connection with the LIHTC (as defined below) after the Conversion Date (as defined below).

The lien of the Deed of Trust shall be senior and prior to the LAHCID HHH Regulatory Agreement, the LAHCID CDBG Regulatory Agreement, the LACDC Regulatory Agreement, the CWH Regulatory Agreement, the CalHFA Regulatory Agreement and TCAC Regulatory Agreement, but not the Regulatory Agreement or the City Rental Covenant; and [CONFIRM SUBORDINATE LOAN DOCS]

WHEREAS, additional funds shall be applied to the Project in the aggregate amount of \$.00 (the “Capital Contributions”), from Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, in its capacity as investor limited partner in Borrower (“Investor Limited Partner”); and

WHEREAS, pursuant to that certain Bond Purchase Agreement dated of even date herewith (the “Bond Purchase Agreement”) by and among Borrower, Bondowner Representative and California Community Reinvestment Corporation (“CCRC” or the “Permanent Bondowner Representative”), CCRC has agreed, subject to the satisfaction of the terms and conditions set forth therein, to purchase \$ in maximum aggregate principal amount of the Bond from Bondowner Representative and thereupon become Bondowner Representative for all purposes of this Loan Agreement, the Indenture and the Loan Documents assigned to CCRC by Bondowner Representative pursuant to the terms of the Bond Purchase Agreement; and

WHEREAS, the execution and delivery of this Loan Agreement and the issuance of the Bond has been duly and validly authorized by the Issuer.

NOW, THEREFORE, the Issuer, Borrower and Bondowner Representative, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Defined Terms. Capitalized terms used in this Loan Agreement and not otherwise defined have the meanings set forth for those terms in Section 1.01 of the Indenture.

“Account” shall have the meaning ascribed to such term in the Disbursement Plan attached hereto as Exhibit D.

“Act” has the meaning ascribed to such term in the second WHEREAS clause in the recitals to this Loan Agreement.

“ADA” means the Americans with Disabilities Act, 42 U.S.C. §§ 12101, et seq. as hereinafter amended or modified.

“Additional Charges” has the meaning ascribed to such term in Section 3.04 of this Loan Agreement.

“Administrative General Partner” means McCadden Plaza Affordable Housing, LLC, a California limited liability company.

“Affiliate” has the meaning ascribed to such term in Section 101 of the Bankruptcy Code.

“AHP Deed of Trust” has the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“AHP Lender” has the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“AHP Loan” has the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“Anti-Corruption Laws” means (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which Borrower or any member of the Borrowing Group is located or doing business.

“Anti-Money Laundering Laws” means applicable laws or regulations in any jurisdiction in which Borrower or any member of the Borrowing Group is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“Application for Payment” has the meaning ascribed to such term in the Disbursement Plan attached hereto as Exhibit D.

“Approved Form” means the form of lease to be utilized in the leasing of the residential units as approved by Bondowner Representative.

“Architect” means Killefer Flammang Architects, a California corporation, or another architect approved in writing by Bondowner Representative.

“Architectural Contract” means that certain AIA Document B101 - 2007 Standard Form of Agreement Between Owner and Architect dated as of **November 2, 2015**, by and between the Borrower and Architect, as it may be amended or replaced from time to time.

“Assignment of Deed of Trust” shall have the meaning ascribed to such term in the fifth WHEREAS clause in the recitals to this Loan Agreement.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101-1330) as now or hereafter amended or recodified.

“Bond” has the meaning ascribed to such term in the third WHEREAS clause in the recitals to this Loan Agreement.

“Bond Counsel” has the meaning ascribed to such term in Section 1.01 of the Indenture.

“Bond Documents” means the Indenture, the Bond, the Regulatory Agreement and any other documents executed in connection with the issuance of the Bond, including as applicable, the Loan Documents.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated of even date herewith by and among Borrower, Bondowner Representative and CCRC pursuant to which and subject to the terms and conditions therein, CCRC has agreed to purchase \$_____.00 in principal amount of the Bond on Conversion.

“Bond Trustee” means U.S. Bank National Association, and its successors and assigns under the Indenture.

“Bonded Work” shall have the meaning ascribed to such term in Section 10.01.

“Bondholder” has the meaning ascribed to such term in the Indenture.

“Bondowner Representative” means Wells Fargo Bank, National Association and its successors and assigns, and as otherwise defined in Section 1.01 of the Indenture. Effective as of the Conversion Date and CCRC’s purchase of the Bond, any reference herein to Bondowner Representative shall mean CCRC. Effective as of, and following, any transfer of the Bond by CCRC, any reference herein to Bondowner Representative shall mean the successor to CCRC as owner of the Bond, and successors thereto.

“Bondowner Representative DSCR Determination” has the meaning set forth in Section 11.45(b).

“Borrower” means McCadden Plaza, L.P., a California limited partnership, and its permitted successors and assigns.

“Borrower’s Funds” means all funds of Borrower deposited with Bondowner Representative pursuant to the terms and conditions of this Loan Agreement.

“Borrower’s Funds Account” means an account at Bondowner Representative, from which no withdrawals are permitted without Bondowner Representative’s consent, in which all deposits of funds required of Borrower pursuant to this Loan Agreement will be held.

“Borrowing Group” means (a) Borrower; (b) any Affiliate or subsidiary of Borrower; (c) any Guarantor; (d) any Indemnitor; (e) any other owner of any collateral securing all or any part of the Loan, any guaranty, including, without limitation, the Completion Guaranty and Repayment Guaranty, any Hazardous Materials Indemnity Agreement or this Loan Agreement;

and (f) any officer, director, agent or representative acting, at any time, in any capacity on behalf of Borrower, Guarantor, Indemnitor or any such owner with respect to the use of any proceeds of the Loan.

“*Business Day*” means a day of the week (but not a Saturday, Sunday or holiday) on which the offices of Bondowner Representative are open to the public for carrying on substantially all of Bondowner Representative’s business functions. Unless specifically referenced in this Loan Agreement as a Business Day, all references to “days” shall be to calendar days.

“*CalHFA Deed of Trust*” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“*CalHFA Loan*” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“*CalHFA Regulatory Agreement*” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“*Capital Contribution(s)*” means the aggregate sum of \$.00, which amounts are subject to adjustment as provided in the Partnership Documents, which Investor Limited Partner has committed to contribute to the capital of Borrower in accordance with the terms and conditions set forth in the Partnership Documents.

“*CCRC*” means California Community Reinvestment Corporation, a California nonprofit public benefit corporation, its successors and assigns.

“*City*” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“*City Rental Covenant*” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“*Closing Date*” means the date upon which the Loan closes.

“*Code*” means the Internal Revenue Code of 1986, as amended and with respect to a specific section thereof, such reference shall be deemed to include (a) the regulations promulgated by the United States Department of Treasury under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“*Completion Date*” means , 2020, the date by which construction of the Improvements must be completed.

“*Construction Agreement*” means the construction contract for the construction of the Improvements by and between Borrower and Contractor.

“*Contractor*” means [REDACTED].

“*Conversion*” shall have the meaning ascribed to that term in Section 3.05 of this Loan Agreement.

“*Conversion Conditions*” shall have the meaning ascribed to that term in Section 3.05 of this Loan Agreement.

“*Conversion Date*” shall have the meaning ascribed to that term in Section 3.05 of this Loan Agreement.

“*County*” means the County of Los Angeles.

“*CWH*” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“*CWH Deed of Trust*” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“*CWH Loan*” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“*CWH Regulatory Agreement*” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“*Debt Service*” means the actual monthly payment based upon the then current outstanding principal balance of the Loan (which should be the Permanent Loan Amount after the payment of any required principal payment on or before the Conversion Date to pay down the Loan to the Permanent Loan Amount as required pursuant to the terms of this Loan Agreement and the Bond Purchase Agreement) based on the amortization schedule and the interest rate specified in the Note for the remaining term of the Loan as of the date the Debt Service is calculated.

“*Debt Service Reserve*” has the meaning set forth in Section 11.45(b).

“*Decontrol Value*” shall have the meaning ascribed to such term in Section 42 of the Code, assuming restricted rents convert to affordable rents over the three-year deregulation period.

“*Deed of Trust*” means that certain Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing on the Property, dated as of even date herewith, made by Borrower for the benefit of Issuer, as assigned by Issuer to Bond Trustee pursuant to the Assignment of Deed of Trust, and as from time to time supplemented or amended.

“*Default*” shall have the meaning ascribed to such term in Section 13.01.

“Default Rate” means the rate which is 5% above the then current Note Rate, provided, however, that in no event shall the Default Rate exceed the Maximum Interest Rate.

“Delivery Assurance Deed of Trust” means that certain Delivery Assurance Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated as of even date herewith, executed by Borrower as trustor to Title Company as trustee for the benefit of CCRC as beneficiary.

“Disbursement” means the drawdown purchase of Bond and related disbursements of the Loan as provided in Section 3.02.

“Disbursement Plan” means the Disbursement Plan attached hereto as Exhibit D.

“Dispute” has the meaning set forth in Section 15.48.

“DSCR” shall mean, for any Period, the ratio of Net Income for the Property to Debt Service, using the actual Net Income and Debt Service for such Period.

“DSCR Fiscal Certification” has the meaning set forth in Section 11.45(b).

“Effective Date” means the date the Deed of Trust is recorded in the office of the County Recorder of the County.

“Environmental Reports” shall mean the reports referred to in Section 9.01(a) and any other environmental reports or updates requested by Bondowner Representative.

“Event of Default” means Default.

“Expenses” means all operating expenses incurred for or attributable to the Property, including a monthly accrual for taxes, insurance, replacement reserves and a reasonable management fee, but not including amounts payable under the Note during the Permanent Loan Period.

“Extended Mandatory Conversion Date” means , 2021.

“Fifth Capital Contribution” shall have the meaning ascribed to such term in Section 8.02(u).

“Financial Requirements Analysis” means the applicable Financial Requirements Analysis attached hereto as Exhibit C, as designated pursuant to the terms of Section 4.05, as it may be amended from time to time with the written consent of Bondowner Representative.

“Fourth Capital Contribution” shall have the meaning ascribed to such term in Section 8.02(u).

“General Partner” means, collectively, the Administrative General Partner and the Managing General Partner.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any central bank, (or similar monetary or regulatory authority) thereof, any

entity exercising executive, legislative, judicial or regulatory functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Gross Income” shall mean, for any Period, the sum of all stabilized residential tenant lease income from the Property actually received in such Period, all stabilized commercial tenant lease income actually received from the Property in such Period, and only such other income actually received from the Property in such Period as is reasonably and in good faith approved by Bondowner Representative.

“Gross Operating Income” shall have the meaning ascribed to such term in Section 12.05.

“Guarantor” means, individually and collectively, Thomas L. Safran, an individual (*“Safran”*), Thomas L. Safran, Trustee of the Thomas L. Safran Living Trust u/d/t August 5, 2011 (*“Safran Trust”*), Thomas Safran & Associates Development, Inc., a California corporation (*“TSADI”*), the Administrative General Partner, the Managing General Partner, and Los Angeles LGBT Center, a California nonprofit public benefit corporation (*“LA LGBT”*), and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any guaranty now or hereafter executed in connection with respect to the Loan.

“Hazardous Materials” shall have the meaning ascribed to such term in Section 9.01(a).

“Hazardous Materials Claims” shall have the meaning ascribed to such term in Section 9.01(c).

“Hazardous Materials Laws” shall have the meaning ascribed to such term in Section 9.01(b).

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

“Impositions” shall have the meaning ascribed thereto in Section 11.23.

“Improvements” shall have the meaning ascribed to such term in the third WHEREAS clause in the recitals to this Loan Agreement.

“Indemnitor” means Borrower, Guarantor and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any indemnity now or hereafter executed in connection with the Loan (collectively or severally as the context thereof may suggest or require).

“Indenture” means the Indenture of Trust dated as of , 2018 by and among Issuer, Bondowner Representative and the Bond Trustee, as it may be amended or supplemented from time to time.

“Initial Capital Contribution” shall have the meaning ascribed to such term in Section 8.02(u).

“Investor Affiliate” means any entity where Investor Limited Partner, Wells Fargo Bank, National Association or their respective affiliates or successors (each, an “Investor Limited Partner Entity”) (a) has an ownership interest, directly or indirectly in such entity, (b) manages and controls, directly or indirectly, the management decisions for such entity, or (c) is under common control with such entity.

“Investor Limited Partner” means Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, the tax credit investor and limited partner of Borrower.

“Issuer” means the City of Los Angeles, California, a municipal corporation and charter city under the laws of the State of California.

“LACDC” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LACDC Deed of Trust” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LACDC Loan” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LACDC Regulatory Agreement” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“LAHCID HHH Deed of Trust” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LAHCID HHH Loan” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LAHCID HHH Regulatory Agreement” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“LAHCID CDBG Deed of Trust” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LAHCID CDBG Loan” shall have the meaning ascribed to such term in the sixth WHEREAS clause in the recitals to this Loan Agreement.

“LAHCID CDBG Regulatory Agreement” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“Law” shall have the meaning ascribed to such term in the second WHEREAS clause in the recitals to this Loan Agreement.

“Licenses” shall have the meaning ascribed thereto in Section 11.27.

“*LIHTC*” means the Federal Low Income Housing Tax Credits allocated for the Improvements by TCAC.

“*Loan*” means the principal sum that Bondowner Representative agrees to lend and Borrower agrees to borrow pursuant to the terms and conditions of this Loan Agreement, in the amount of up to \$_____.00; and following the Conversion Date, in an amount not to exceed the Permanent Loan Amount.

“*Loan Documents*” means those documents, as hereafter amended, supplemented, replaced or modified, properly executed and in recordable form, if necessary, listed in Exhibit B as Loan Documents.

“*Managing General Partner*” means McCadden Campus LLC, a Delaware limited liability company.

“*Mandatory Conversion Date*” means _____, 2021, or shall mean the Extended Mandatory Conversion Date upon exercise of the Option to Extend.

“*Maturity Date*” shall have the meaning ascribed to such term in the Note.

“*Maximum Interest Rate*” means the lesser of 12% per annum and the maximum interest rate permitted by law, if any.

“*Monthly DSCR Certification*” has the meaning set forth in Section 11.45(b).

“*Net Income*” shall mean, for any Period, all Gross Income from the Property during such Period less Operating Expenses of the Property during such Period.

“*Net Monthly Cash Income*” means all actual cash income received from the Property during a calendar month less the actual operating expenses incurred for or attributable to the Property, excluding amounts payable under the Note.

“*Nonresidential Lease(s)*” shall have the meaning ascribed to such term in Section 11.33.

“*Note*” means the Promissory Note made by Borrower to the order of Issuer in the original principal amount of \$_____.00 and endorsed by Issuer to the order of the Bond Trustee, all dated of even date with this Loan Agreement, as amended and supplemented from time to time, with respect to Bond (the “Note”).

“*Note Rate*” means the interest rate applicable from time to time in accordance with the terms of the Note.

“*Obligations*” has the meaning set forth in Section 15.40.

“*Obligee*” shall have the meaning ascribed to such term in Section 10.01.

“*OFAC*” means the United States Treasury Department Office of Foreign Assets Control and any successor thereto.

“Official Records” shall have the meaning ascribed to such term in the fifth WHEREAS clause in the recitals to this Loan Agreement.

“One-Month LIBO Rate” shall have the meaning ascribed to such term in the Note.

“Operating Expenses” shall mean, for any Period, the following expenses of the Property to the extent that such expenses are reasonable in amount and customary for properties that are similar in type, size, quality and location to the Property: (i) taxes and assessments imposed upon the Project, to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower in such Period; (ii) bond fees and expenses properly allocable to such Period; (iii) insurance premiums for casualty insurance (including, without limitation, terrorism, flood and earthquake insurance, to the extent required under this Loan Agreement) and liability insurance carried in connection with the Property and accrued during such Period, provided, however, if any insurance is maintained as part of a blanket policy covering the Property and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Property for such Period; (iv) operating expenses reasonably and actually incurred by Borrower for resident services and for the management, operation, cleaning, leasing, maintenance and repair of the Property during such Period; (v) replacement and operating reserves as required pursuant to this Loan Agreement, any Subordinate Loan Document and/or the Partnership Agreement; (vi) any other mandatory debt service payments related to the Property (with the exception of those debt service payments paid out of residual receipts) and accrued during such Period; and (vii) costs of deferred maintenance (other than capital repairs funded from the Replacement Reserve) with respect to the Property accrued during such Period. Operating Expenses shall not include any allowance for depreciation or amortization. For purposes of the calculation of Net Income, Operating Expenses will not include debt service under (vi) above.

“Operating Statement” shall have the meaning ascribed to such term in Section 12.05.

“Option to Extend” means the first option to extend the Mandatory Conversion Date pursuant to Section 3.06.

“Ordinary Fees and Expenses” has the meaning ascribed to such term in Section 3.03(h) of this Loan Agreement.

“Other Related Documents” means those documents, as hereafter amended, supplemented, replaced or modified from time to time, properly executed and in recordable form, if necessary, listed in Exhibit B as Other Related Documents.

“Participant” shall have the meaning ascribed to such term in Section 15.14.

“Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership of McCadden Plaza, L.P., dated as of , 2018, by and between General Partner and Investor Limited Partner, as amended and supplemented from time to time.

“Partnership Documents” means the Partnership Agreement and all other documents now or hereafter executed by Borrower, General Partner and Investor Limited Partner, with the

approval of Bondowner Representative, in connection with Borrower and the investment in Borrower by the Investor Limited Partner.

“Payment and Performance Bond” has the meaning ascribed to such term in Section 4.01(h).

“Period” has the meaning set forth in Section 11.45(a).

“Permanent Bondowner Representative” means CCRC, its successors and assigns.

“Permanent Loan Amount” means the maximum aggregate principal sum in the amount of \$.00, as may be adjusted pursuant to the terms of Section 3.05 and the Bond Purchase Agreement; provided however, that, at Conversion, the Loan shall not exceed a Section 8 market value of the Property using HAP Contract rents such that, based on such Section 8 market value using HAP Contract rents, the loan-to-value ratio shall not be more than eighty percent (80%), and the Loan shall have a minimum 1.00 to 1.00 DSCR for 90 consecutive days immediately prior to Conversion based upon CCRC’s underwriting guidelines.

“Permanent Loan Period” and *“Permanent Loan Term”* mean the period from the Conversion Date through the maturity date of the Note.

“Permitted Encumbrances” means those title exceptions previously approved by Bondowner Representative.

“Permitted Operating Expenses” shall have the meaning ascribed to such term in Section 12.05.

“Permitted Prior Encumbrances” means, collectively, those title exceptions previously approved by Bondowner Representative to be prior to the lien of the Deed of Trust, including, without limitation, the Regulatory Agreement and the City Rental Covenant.

“Permitted Restrictions” means, collectively, the Regulatory Agreement, the City Rental Covenant, LAHCID HHH Regulatory Agreement, the LAHCID CDBG Regulatory Agreement, [the LACDC Regulatory Agreement, the CWH Regulatory Agreement,] the CalHFA Regulatory Agreement (upon the execution and effectiveness thereof and subject to Bondowner Representative’s prior approval of the terms thereof), TCAC Regulatory Agreement (upon the execution and effectiveness thereof and subject to Bondowner Representative’s prior approval of the terms thereof) and any other Restrictions expressly approved by Bondowner Representative.

“Permitted Transfer” means a transfer by Investor Limited Partner of its limited partnership interest in Borrower to an Investor Affiliate or a transfer by any limited partner of Investor Limited Partner of any of its limited partnership interests in Investor Limited Partner; provided, however, that all of the following conditions are satisfied: (i) the transferee assumes and agrees to be bound by and perform all of the obligations of the transferor under the Partnership Documents; (ii) Investor Limited Partner has delivered to Bondowner Representative complete and accurate copies of all documentation evidencing such transfer; (iii) if any Capital Contributions remain unpaid at the time of such transfer, the Investor Limited Partner remains liable to Borrower for payment of such Capital Contributions; and (iv) with respect to a transfer

by any limited partner of Investor Limited Partner of any of its limited partnership interests in Investor Limited Partner, the general partner of Investor Limited Partner remains an Investor Affiliate; and (v) the transferee is not a Sanctioned Person or is not otherwise prohibited by federal or state law or regulation to be a transferee of Investor Limited Partner's interest or any membership interest in Investor Limited Partner. Notwithstanding the foregoing, any transfer of Investor Limited Partner's limited partnership interest in Borrower to an entity in which Wells Fargo Bank, National Association or its affiliates has a controlling management interest shall be a Permitted Transfer so long as the successor Investor Limited Partner assumes full liability for the payment to Borrower of any remaining unpaid Capital Contributions in accordance with the times and conditions for payment of such Capital Contributions set forth in the Partnership Agreement. Additionally, Investor Limited Partner's pledge of its limited partnership interests to Borrower as security for its obligations to make the Capital Contributions pursuant to the terms of the Partnership Documents shall be deemed to be a Permitted Transfer.

"Person" or *"person"* means any (a) individual, (b) any corporation, partnership, company, trust or other legal entity or (c) any other organization, whether or not a legal entity. With respect to any Sanctioned Person, *"Person"* also includes any group, sector, territory or country.

"Plans and Specifications" means the plans and specifications prepared by Architect heretofore delivered by Borrower to Bondowner Representative with respect to the Project.

"Preliminary Reservation Letter" shall have the meaning ascribed to such term in Section 8.02(s).

"Project" shall have the meaning ascribed to such term in the third WHEREAS clause in the recitals to this Loan Agreement.

"Project Costs" mean any and all costs incurred by Borrower with respect to the acquisition and construction of the Project including, without limitation, costs for 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, and all costs of financing, including, without limitation, the cost of consultants, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel to the extent such costs are paid from the proceeds of the Bond.

"Property" means the real property described on Exhibit A.

"Property Manager" means Thomas Safran & Associates, Inc., a California corporation.

"Property Management Agreement" means that certain Amended and Restated Property Management Agreement dated as of [REDACTED], 2018, between Borrower and the Property Manager.

“Qualified Project Costs” has the meaning ascribed to such term in the Regulatory Agreement.

“REA” means that certain Reciprocal Easement Agreement With Covenants, Conditions and Restrictions dated on September 21, 2018, by and among McCadden Plaza, L.P., a California limited partnership, AMR Campus QALICB, Inc., a California nonprofit public benefit corporation, (in its several capacities as the “Senior Residential Parcel Owner”, the “Commercial Parcel Owner” and the “Youth Parking Parcel Owner”, as defined therein), and LA LGBT and recorded on September 24, 2018 as Instrument No. 20180974713 in the Officials Records.

“Regulatory Agreement” means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of even date with this Loan Agreement, executed by the Issuer, the Bond Trustee and Borrower relating to the Bond, as originally executed, or as each may from time to time be supplemented, modified or amended.

“Regulatory Costs” has the meaning ascribed to such term in the Note.

“Requirements” has the meaning ascribed thereto in Section 5.15(a).

“Restrictions” means all existing restrictions and regulatory agreements and all future restrictions and regulatory agreements relating to the use and operation of the Property and the Improvements.

“Sanctioned Country” - means any country or territory that is a target of Sanctions.

“Sanctioned Person” means any Person that is a target of Sanctions, including, but not limited to, any Person that is: (a) listed on OFAC’s Specially Designated Nationals and Blocked Persons List; (b) listed on OFAC’s Consolidated Non-Specially Designated Nationals List; (c) a legal entity deemed by OFAC to be a target of Sanctions based on the ownership of such legal entity by Sanctioned Person(s); or (d) a target of Sanctions pursuant to any territorial or country-based Sanctions program.

“Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and anti-terrorism laws, including, but not limited to, those imposed, administered or enforced from time to time by: (a) the United States of America; including those administered by OFAC, the U.S. State Department, the U.S. Department of Commerce, or through any existing or future Executive Order; (b) the United Nations Security Council; (c) the European Union; (d) the United Kingdom; or (e) any other governmental authorities.

“Second Capital Contribution” shall have the meaning ascribed to such term in Section 8.02(u).

“Secured Obligations” shall have the meaning ascribed to such term in the Deed of Trust.

“Set Aside Letter” shall have the meaning ascribed to such term in Section 10.01 of this Loan Agreement.

“*State*” shall have the meaning ascribed to such term in the first WHEREAS clause in the recitals to this Loan Agreement.

“*Subdivision Map*” shall have the meaning ascribed to such term in Section 11.11 of this Loan Agreement.

“*Subordinate Lender(s)*” means, singularly or collectively, as the context may require, the City, LACDC, CWH and AHP Lender.

“*Subordinate Loan(s)*” means, singularly or collectively, as the context may require, the LAHCID HHH Loan, the LAHCID CDBG Loan, the LACDC Loan, the CWH Loan, the AHP Loan and the CalHFA Loan.

“*Subordinate Loan Document(s)*” means, singularly or collectively, as the context may require, the LAHCID HHH Regulatory Agreement, the LAHCID HHH Deed of Trust, the LAHCID CDBG Regulatory Agreement, the LAHCID CDBG Deed of Trust, [the LACDC Regulatory Agreement, the LACDC Deed of Trust, the CWH Regulatory Agreement the CWH Deed of Trust], the AHP Deed of Trust, the CalHFA Regulatory Agreement, the CalHFA Deed of Trust and any other document executed in connection with any Subordinate Loan.

“*Subordination Agreement(s)*” shall mean any subordination agreement by and between Borrower and the Subordinate Lender(s) in favor of Bond Trustee and Bondowner Representative, including, specifically, the Subordination Agreement with respect to the LAHCID HHH Loan and the LAHCID CDBG Loan (the “LAHCID Subordination”), the Subordination Agreement with respect to the LACDC Loan (the “LACDC Subordination”), the Subordination Agreement with respect to the CWH Loan (the “CWH Subordination”) and the Subordination Agreement to be executed with respect to the CalHFA Loan.

“*Surety*” shall have the meaning ascribed to such term in Section 10.01 of this Loan Agreement.

“*Swap Agreement*” means a “swap agreement” as defined in Section 101 of the Bankruptcy Code, entered into by Borrower and Bondowner Representative (or with another financial institution which is reasonably acceptable to Bondowner Representative), together with all modifications, extensions, renewals and replacements thereof.

“*Target DSCR*” has the meaning set forth in Section 11.45(a).

“*Tax Certificate*” has the meaning ascribed to such term in the Indenture.

“*Taxes*” means collectively, all withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental issuer and related in any manner to a One-Month LIBO Rate.

“*TCAC*” means the California Tax Credit Allocation Committee.

“*TCAC Regulatory Agreement*” shall have the meaning ascribed to such term in the seventh WHEREAS clause in the recitals to this Loan Agreement.

“Third Capital Contribution” shall have the meaning ascribed to such term in Section 8.02(u).

“Title Company” means Chicago Title Insurance Company.

“Title Policy” means Bondowner Representative’s Policy (or Policies) of Title Insurance as issued by the Title Company with respect to the Deed of Trust.

“TSA Entity” means (i) Thomas L. Safran, (ii) Thomas Safran & Associates, Inc., (iii) Jordan Pynes or (iv) any Person owned or controlled by or which owns and controls any of the Persons listed in clauses (i), (ii) or (iii), including a trust whose trustee is one of the persons in clauses (i), (ii) or (iii).

Section 1.02. Exhibits Incorporated. Exhibits A, B, C, D, E and F all attached hereto, are hereby incorporated into this Loan Agreement.

ARTICLE II

ISSUANCE OF BOND; PAYMENT OF ISSUANCE COSTS

Section 2.01. Issuance of Bond. Upon execution of this Loan Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to issuance, or as soon thereafter as practicable, the Issuer will execute the Bond and the Bond Trustee will authenticate and deliver the Bond to Wells Fargo Bank, National Association, as Bondholder, or to its order upon payment of the purchase price and filing with Bondowner Representative of the opinion of Bond Counsel as to the legality of the Bond and the furnishing of all other documents required to be furnished before such delivery. The proceeds of the Bond will be deposited with the Bond Trustee and disbursed in accordance with the Indenture and this Loan Agreement.

Section 2.02. No Warranty by Issuer. BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING

PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR THE ISSUER IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; AND THAT IT HAS NOT RELIED ON THE ISSUER FOR ANY GUIDANCE OR EXPERTISE IN ANALYZING THE FINANCIAL OR OTHER CONSEQUENCES OF SUCH FINANCING TRANSACTIONS OR OTHERWISE RELIED ON THE ISSUER IN ANY MANNER EXCEPT TO ISSUE THE BOND IN ORDER TO PROVIDE FUNDS FOR THE LOAN.

Section 2.03. Payment of Issuance Costs by Borrower. Borrower agrees that it will provide any and all funds required for the prompt and full payment of all issuance costs of the Bond from sources other than proceeds of the Bond, including, but not limited to, the following items:

- (a) all legal (including Bond Counsel and counsel to Borrower, Issuer and Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer and Bondowner Representative on or before or in connection with issuance of the Bond;
- (b) premiums on all insurance required to be secured and maintained during the term of this Loan Agreement;
- (c) all recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection with this financing (other than a tax on the income of Issuer or Bondowner Representative);
- (d) all reasonable initial fees and expenses of Bondowner Representative and the Issuer (including, without limitation, the Issuer's initial bond administration fee and the fees of the Issuer's financial consultant);
- (e) the fees payable to Bondowner Representative pursuant to Section 3.12;
- (f) fees payable to the California Debt Limit Allocation Committee and TCAC; and
- (g) other reasonable costs of issuance of the Bond.

ARTICLE III

THE LOAN

Section 3.01. The Loan. The Issuer agrees, upon the terms and conditions herein specified, to lend to Borrower the proceeds of the Bond, by causing such proceeds to be deposited with the Bond Trustee in installments corresponding to the successive “draw-down” purchases of the Bond by the Bondowner Representative. The proceeds of the Bond shall be disbursed as provided herein and in the Indenture. The obligation of Borrower to repay the Loan shall be evidenced by the Note. Contemporaneously with the issuance of the Bond, the Issuer will endorse the Note without recourse to the order of the Bond Trustee, as the assignee of the Issuer. Borrower will repay the Loan in accordance with the provisions of the Note and this Loan Agreement.

Section 3.02. Loan Disbursements. The proceeds of the Bond shall be disbursed by Bondowner Representative only in accordance with a written requisition of Borrower in the form attached to the Indenture and as Exhibit D-1 to this Loan Agreement, approved in writing by Bondowner Representative and the Issuer, which approval shall be granted by Bondowner Representative upon satisfaction or waiver by Bondowner Representative of the conditions set forth in Article IV of this Loan Agreement. No proceeds of the Bond shall be disbursed after **December 31, 2021**.

Section 3.03. Loan Repayment and Payment of Other Amounts. Borrower hereby acknowledges its indebtedness to the Issuer and covenants to repay the Loan, and to pay interest on the amount of the Loan outstanding from time to time in accordance with the following:

(a) At any time prior to the Conversion Date but subject to any limitation set forth in the Note, Borrower may, at its option, prepay principal on the Note, in whole or in part, in order to effect a full or partial redemption of the Bond pursuant to Section 4.01 of the Indenture by paying to Bond Trustee an amount equal to the principal amount of the Bond to be redeemed, together with all accrued and unpaid interest through the date of full or partial redemption of the Bond on the portion of principal prepaid; provided, however, that such prepayment shall not reduce the principal amount of the Note below the Permanent Loan Amount without the prior consent of Bondowner Representative and CCRC, or unless CCRC requires a further paydown pursuant to the terms of the Bond Purchase Agreement. Borrower shall give Bondowner Representative not less than 15 days’ advance written notice of its intention to make a prepayment pursuant to this Section 3.03(a).

(b) Following the occurrence of a Default under this Loan Agreement and demand by Bondowner Representative for full redemption of the Bond pursuant to Section 4.01(b) of the Indenture, Borrower shall immediately pay to Bond Trustee the full amount of outstanding principal of the Note, together with all accrued and unpaid interest thereon through the date of redemption of the Bond, plus the prepayment charge set forth in Section 3.08(c) below if such redemption occurs on or after the Conversion Date.

(c) For so long as any principal of the Loan is outstanding, Borrower shall pay to Bond Trustee (i) on or before the first Business Day of each month prior to Conversion, an amount equal to the interest accrued on the Loan during the previous month as determined pursuant to Section A.2 of the Note, and (ii) on or before the first day of each month after Conversion, an amount equal to the interest accrued on the Loan during the previous month as determined pursuant to Section 3.08 of this Agreement and Section B.1 of the Note, together with the required principal amortization as provided in the Note, subject to Section 11.02 hereof.

(d) In the event of damage to or destruction or condemnation of the Project or any part thereof, Borrower shall pay to Bondowner Representative, for full or partial redemption of the Bond pursuant to Section 4.01(e) of the Indenture, such portion of the Loan as is required to be paid pursuant to Section 5.6 of the Deed of Trust, plus accrued and unpaid interest through the date of redemption of the Bond, without premium.

(e) Borrower agrees to pay, at the same time as the monthly payments pursuant to Section 3.03(c) above, upon an Event of Default whether or not such event has thereafter been cured, one-twelfth of the amount budgeted by Borrower for annual premiums for insurance required to be maintained pursuant to this Loan Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges) which shall be disbursed by Bondowner Representative from time to time.

(f) Borrower agrees to make such other payments to Bond Trustee, in the amounts and at the times necessary to enable the Bond Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bond when due, whether as principal of, premium, or interest on, or otherwise, and whether at maturity or by redemption (including mandatory sinking fund redemption) or acceleration or otherwise.

(g) Borrower also agrees to pay, (i) all taxes and assessments of any type or character charged to the Issuer or to the Bondowner Representative affecting the amount available to the Issuer or the Bondowner Representative from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bondowner Representative and taxes based upon or measured by the net income of the Bondowner Representative; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Bondowner Representative, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Bondowner Representative; (ii) all reasonable fees, charges and expenses of the Bondowner Representative for services rendered under the Indenture, as and when the same become due and payable; (iii) the fees of the Issuer, payable as set forth in Section 7 of the Regulatory Agreement, all other fees required to be paid to the Issuer under the

Regulatory Agreement or any other agreement between the Issuer and Borrower, or any ordinance or regulation applicable to Borrower or the Project, any fees imposed by the Issuer in connection with any consents, waivers or amendments, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement, the Loan Documents, the Bond or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bond or in connection with any litigation which may at any time be instituted involving this Loan Agreement, the Regulatory Agreement, the Loan Agreement, the Loan Documents, the Bond or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and (iv) these obligations and those in Section 11.38 shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

(h) Borrower agrees: (i) to pay to each of Bondowner Representative and the Bond Trustee from time to time reasonable compensation for all services rendered by it (including the reasonable compensation, expenses and disbursements of its agents and counsel) under the Indenture and any other agreements relating to the Bond to which Bondowner Representative or the Bond Trustee is a party (collectively, "Ordinary Fees and Expenses"); (ii) except as otherwise expressly provided in the Indenture, this Loan Agreement or such other agreements related to the Bond or the Project, to reimburse Bondowner Representative and the Bond Trustee upon its request for all reasonable expenses, disbursements and advances (including reasonable counsel fees) incurred or made by Bondowner Representative or the Bond Trustee (provided that Bondowner Representative shall not be required to make advances) in accordance with any provision of the Indenture or other agreements to which Bondowner Representative or the Bond Trustee is a party (including, but not limited to, the reasonable compensation and the expenses and disbursements of its agents and counsel and the cost of printing the Bond), except any such expense, disbursement or advance (provided that Bondowner Representative or the Bond Trustee shall not be required to make advances) as may be attributable to its gross negligence or willful misconduct, (iii) to pay to an arbitrage consultant reasonable compensation for all services rendered by it, and (iv) to pay to the Bond Trustee any rebatable arbitrage required to be paid to the federal government.

(i) Borrower agrees that if the Conversion Date does not occur on or before the Mandatory Conversion Date (as may be extended pursuant to the terms of this Loan Agreement), then the Loan and all sums payable to Bondowner Representative under the Loan Agreement shall be immediately due and payable, unless otherwise agreed to by Bondowner Representative.

Section 3.04. Additional Charges. Borrower agrees to pay each and all of the following (collectively, the "Additional Charges"):

(a) upon the occurrence of a default under the Indenture or a Default under this Loan Agreement, to or upon the order of the Issuer or Bondowner Representative,

when due, all reasonable fees of the Issuer, Bondowner Representative or the Bond Trustee for services rendered under the Indenture and any other amounts due under Section 11.02 hereof which are not included in Ordinary Fees and Expenses, and all reasonable fees and charges of any registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance, on request of the Issuer, of services required under the Indenture or this Loan Agreement for which such persons are entitled to payment or reimbursement, provided that Borrower may, upon notice to the Issuer and without creating a Default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than Ordinary Fees and Expenses, but the Issuer's final decision shall control;

(b) (i) all indemnity payments required to be made under this Loan Agreement and the Regulatory Agreement (such indemnity payments being due to the Issuer or any Indemnified Party upon written demand therefor and accruing interest at the Default Rate 60 days after notice of demand therefor); (ii) all reasonable expenses (including reasonable legal fees and expenses) incurred by the Issuer in exercising its rights under this Loan Agreement or the Regulatory Agreement following a Default; and (iii) all other reasonable expenses incurred by the Issuer in relation to the Project or the Bond which are not otherwise required to be paid by Borrower under the terms of this Loan Agreement or any separate fee agreement, including costs incurred as a result of a request by Borrower; and

(c) interest, at the Default Rate, on all payments not made by Borrower under Section 3.03, this Section 3.04 and Section 3.08 when due, to the parties entitled thereto.

Section 3.05. Conversion to Permanent Term. Upon satisfaction of all of the conditions precedent set forth in Section 3.01 and Exhibit F of the Bond Purchase Agreement (collectively, the "Conversion Conditions") and the purchase of the Bond by CCRC pursuant to the Bond Purchase Agreement, the Loan shall be deemed converted from a construction loan to a permanent term loan ("Conversion"). The date upon which the Conversion occurs is referred to herein as the "Conversion Date." If the Conversion Date does not occur on or before the Mandatory Conversion Date (as may be extended pursuant to the terms of this Loan Agreement), then the Loan and all sums payable to Bondowner Representative under this Loan Agreement and the other Loan Documents shall be immediately due and payable, unless otherwise agreed to by Bondowner Representative.

Section 3.06. Option To Extend. Borrower shall have the option to extend the Mandatory Conversion Date (for the purposes of this section, the "Original Mandatory Conversion Date") to the Extended Mandatory Conversion Date, upon satisfaction of each of the following conditions precedent:

(a) Borrower shall provide Bondowner Representative with written notice of Borrower's request to exercise the Option to Extend not more than ninety (90) days and not less than thirty (30) days prior to the Original Mandatory Conversion Date. Failure of Borrower to provide less than thirty (30) days prior written notice to Lender shall not constitute a failure to meet the conditions of this Option to Extend;

(b) As of the date of Borrower's delivery of notice of request to exercise the Option to Extend, and as of the Original Mandatory Conversion Date, no Default shall have occurred, and no event or condition which, with the giving of notice or the passage of time or both, would constitute a Default shall have occurred and be continuing, and Borrower shall so certify in writing;

(c) Borrower shall execute or cause the execution of all documents reasonably required by Bondowner Representative to exercise the Option to Extend and shall deliver to Bondowner Representative, at Borrower's sole cost and expense, such title insurance endorsements reasonably required by Bondowner Representative;

(d) There shall have occurred no material adverse change, as determined by Bondowner Representative in its sole discretion, in the financial condition of Borrower, General Partner, or any Guarantor from that which existed as of the later of: (i) the Effective Date; or (ii) the date upon which the financial condition of such party was first represented to Bondowner Representative;

(e) Bondowner Representative shall have received evidence reasonably satisfactory to it that, as of the Original Mandatory Conversion Date, no default has occurred under any of the Partnership Documents and that the Partnership Documents are in full force and effect;

(f) The construction of the Project shall be 100% complete and lien free, as evidenced by Bondowner Representative's receipt of a mechanic's lien-free endorsement to the Title Policy and by Bondowner Representative's receipt of a copy of a recorded notice of completion, a certificate of occupancy or building permit sign-off, as applicable;

(g) The balance of proceeds of the Loan allocated in the Financial Requirements Analysis to the interest reserve as of the Original Mandatory Conversion Date shall be sufficient to pay interest on the Loan until the Extended Mandatory Conversion Date;

(h) The Loan shall be determined by Bondowner Representative to be "in balance" (as that term is described in, and pursuant to, Section 4.02(b) below).

(i) Borrower shall provide evidence satisfactory to Bondowner Representative of Borrower's continued compliance with all TCAC achievement dates, including Borrower's ability to meet the TCAC placed-in-service date, if any;

(j) The Subordinate Loans, all Subordinate Loan Documents and all Restrictions shall be in full force and effect and there shall be no event or condition which, with the giving of notice or the passage of time or both, would constitute a default by any party to any such document; or if there is any such event or condition, the same shall be fully disclosed to Bondowner Representative and Bondowner Representative shall have approved of the extension of the Original Mandatory Conversion Date despite the same, such approval to be granted or withheld in Bondowner Representative's sole discretion. In addition, Borrower shall provide evidence Bondowner Representative of

Borrower's continued compliance with all completion requirements, if any, of Subordinate Lenders under the Subordinate Loan Documents;

(k) On or before the Original Mandatory Conversion Date, Borrower shall pay to Bondowner Representative an extension fee in the amount of % of the total commitment amount of the Loan (whether disbursed or undisbursed) less any principal prepayments previously made by Borrower, as determined on the Original Mandatory Conversion Date;

(l) Borrower shall have delivered Bondowner Representative written evidence satisfactory to Bondowner Representative showing that not less than percent (%) of the units within the Project have been leased to third-party residential tenants under residential leases complying with this Loan Agreement and the Bond Documents and that not less than percent (%) of the units within the Project have been occupied by third-party residential tenants under residential leases complying with this Loan Agreement and the Bond Documents; and

(m) CCRC's commitment to purchase the Bond in the Permanent Loan Amount as of the Conversion Date pursuant to the terms of the Bond Purchase Agreement shall remain in full force and effect, and the date of expiration thereof shall occur, or the extent applicable, shall be extended to, no earlier than the Extended Maturity Date.

Upon extension of the Original Mandatory Conversion Date pursuant to this Section 3.06, the date upon which the required pay down of the Note to reduce the Note to the Permanent Loan Amount must occur shall be extended to the date of the Extended Mandatory Conversion Date, and the Maturity Date of the Note shall be unaffected. Except as modified by the exercise of this Option to Extend, the terms and conditions of this Loan Agreement and the other Loan Documents shall remain unmodified and in full force and effect.

Section 3.07. Intentionally Omitted.

Section 3.08. Interest Rate, Loan Repayment and Prepayment Charge After the Conversion Date.

(a) **Interest Rate.** Interest shall accrue on outstanding principal of the Loan as provided in the Note, and shall be payable as provided in the Note and Section 3.03(c) of this Agreement.

(b) **Mandatory Sinking Fund Redemption.** Effective as of the Conversion Date, the Bond shall be subject to a monthly mandatory sinking fund redemption as set forth in the Indenture corresponding to the monthly payments of principal on the Loan due hereunder.

(c) **Prepayment Charge.** Except as provided below, if the Loan is prepaid at any time after the Conversion Date, whether such prepayment is voluntary, involuntary or upon acceleration of the principal amount of the Loan by Bondowner Representative or by Bond Trustee following a Default, Borrower shall pay to Bond Trustee on the

prepayment date (in addition to all other sums then due and owing to Bondowner Representative under the Loan Documents) a prepayment charge as set forth in the Note.

Section 3.09. Borrower's Obligations Unconditional. The obligations of Borrower to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and payment of the Loan and Additional Charges and all other payments required of Borrower hereunder or under the Note shall be paid without notice or demand and without set off, counterclaim, or defense for any reason and without abatement or deduction or defense. Borrower will not suspend or discontinue any such payments, will perform and observe all of its other agreements in this Loan Agreement and will not terminate this Loan Agreement for any cause, including, but not limited, to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or Borrower's business, the taking of the Project or Borrower's business by condemnation or otherwise, the lawful prohibition of Borrower's use of the Project or Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Loan Agreement, the lack of right, power or authority of the Issuer to enter into this Loan Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or Bondowner Representative, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or 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 for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the Loan and other amounts payable by Borrower hereunder or under the Note shall be paid in full when due without any delay or diminution whatever.

Section 3.10. Assignment of Issuer's Rights. Pursuant to the Indenture and the Assignment of Deed of Trust, the Issuer has assigned certain of the amounts payable hereunder and has assigned, without recourse or liability, to the Bond Trustee, certain of the Issuer's rights under this Loan Agreement, the Note and the Deed of Trust, except the Issuer's Reserved Rights (as defined in the Indenture), including certain of the rights to receive payments hereunder, and hereby directs Borrower to make said payments directly to the Bond Trustee, or otherwise upon the order of Bondowner Representative. Borrower assents to such assignment and will make payments under this Loan Agreement of such assigned amounts directly to the Bond Trustee, or otherwise upon the order of Bondowner Representative or Bond Trustee without defense or set off by reason of any dispute between Borrower, the Issuer, the Bondholders, the Bond Trustee or Bondowner Representative.

Section 3.11. Additional Security Interest. Borrower hereby grants and assigns to Bondowner Representative a security interest, to secure payment and performance of all obligations, in all of Borrower's right, title and interest, now or hereafter acquired, to the payment of money from Bondowner Representative to Borrower under any Swap Agreement.

Section 3.12. Loan Fees. Borrower shall pay to Bondowner Representative, on the Closing Date, a loan fee in the amount equal to % of the aggregate Loan amount, which amount is \$.00. In addition, Borrower shall pay to CCRC a loan fee on the Closing Date in an amount equal to \$.00 and an application fee equal to \$2,000.00).

Bondowner Representative and CCRC shall earn the fees described in this Section 3.12 when paid by Borrower, and such fees shall be nonrefundable.

Section 3.13. Loan Documents. Borrower shall deliver to Bondowner Representative concurrently with this Loan Agreement each of the documents, properly executed and in recordable form, as applicable, described in Exhibit B as Loan Documents, together with those documents described in Exhibit B as Other Related Documents.

Section 3.14. Effective Date. The date of the Loan Documents is for reference purposes only. The Effective Date of delivery and transfer to Bond Trustee of the rights of Issuer under the Loan Documents shall be the Closing Date.

Section 3.15. Credit for Principal Payments. Any payment made upon the outstanding principal balance of or interest on the Loan shall be credited as of the Business Day received, provided such payment is received by Bondowner Representative no later than 11:00 a.m. (Pacific Standard Time or Pacific Daylight Time, as applicable) and constitutes immediately available funds. Any principal or interest payment received after said time or which does not constitute immediately available funds shall be credited upon such funds having become unconditionally and immediately available to Bondowner Representative.

Section 3.16. Full Repayment and Reconveyance. Upon receipt of all sums owing and outstanding under the Loan Documents, Bondowner Representative shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bondowner Representative shall have received full payment and performance of all other obligations secured by the Deed of Trust, including, without limitation, any other costs set forth in this Loan Agreement, the Note and the Deed of Trust, and all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Loan Documents; and (b) Bondowner Representative shall have received a written release satisfactory to Bondowner Representative of any set aside letter, letter of credit or other form of undertaking which Bondowner Representative has issued to any surety, governmental agency or any other party in connection with the Loan and/or the Property and Improvements. Any obligation of Bondowner Representative to make further disbursements under the Loan shall terminate as to any portion of the Loan undisbursed as of the date of issuance of such full release or reconveyance, and any commitment of Bondowner Representative to lend any undisbursed portion of the Loan shall be canceled. Any repayment shall be without prejudice to Borrower's obligations under any Swap Agreement between Borrower and Bondowner Representative, which shall remain in full force and effect subject to the terms of such Swap Agreement (including provisions that may require a reduction, modification or early termination of a swap transaction, in whole or in part, in the event of such repayment, and may require Borrower to pay any fees or other amounts for such reduction, modification or early termination), and no such fees or amounts shall be deemed a penalty hereunder or otherwise.

ARTICLE IV

DISBURSEMENT OF LOAN FUNDS

Section 4.01. Conditions Precedent to Initial Disbursements of Proceeds of the Bond. Bondowner Representative's obligation to consent to the initial disbursement of proceeds of the Bond, in an amount not to exceed \$_____ shall be subject at all times to satisfaction of each of the following conditions precedent:

(a) ***Delivery of Documents.*** The documents listed on Exhibit B (including without limitation all Loan Documents and all Other Related Documents) shall have been delivered to Bondowner Representative in form and substance satisfactory to Bondowner Representative, duly executed (and, if required by Bondowner Representative, acknowledged) by all of the appropriate parties.

(b) ***Recorded Documents.*** The following documents shall have been duly recorded, in the order indicated below, in the Official Records of the County:
[CONFIRM LIST AND PRIORITY]

- (i) the Regulatory Agreement;
- (ii) the Deed of Trust;
- (iii) the Assignment of Deed of Trust;
- (iv) the LAHCID HHH Regulatory Agreement;
- (v) the LAHCID HHH Deed of Trust;
- (vi) the LAHCID CDBG Regulatory Agreement;
- (vii) the LAHCID CDBG Deed of Trust;
- (viii) the LACDC Regulatory Agreement;
- (ix) the LACDC Deed of Trust;
- (x) the CWH Regulatory Agreement;
- (xi) the CWH Deed of Trust;
- (xii) the Delivery Assurance Deed of Trust;
- (xiii) the AHP Deed of Trust;
- (xiv) the LAHCID Subordination;
- (xv) the LACDC Subordination;

- (xvi) the CWH Subordination;
- (xvii) the Subordination Agreement (Purchase Option); and
- (xviii) the Payment and Performance Bond.

(c) **Financing Statements.** The Financing Statements described in Exhibit B shall have been filed with the California Secretary of State, and Bondowner Representative shall have received and approved the results of a UCC search conducted and certified by the California Secretary of State.

(d) **Title Insurance.** Borrower shall (at its own expense) have obtained a commitment from the Title Company in form and content satisfactory to Bondowner Representative for delivery to the Bond Trustee of a mortgagee's policy of title insurance (the "Title Policy") which complies with the following requirements: (x) the Title Policy shall be issued with respect to the Property, shall show the Deed of Trust as the insured mortgage, shall name the Bond Trustee as insured, shall be dated as of the Closing Date, shall be in an amount not less than the original principal amount of the Bond, shall contain no creditor's rights exceptions, and shall be in form and substance reasonably satisfactory to Bondowner Representative; (y) when originally issued, the Title Policy shall be in form ALTA LP-10 (in 2006 form or other form acceptable to Bondowner Representative) and shall contain such endorsements (2006 forms where applicable and available) as Bondowner Representative may require, including without limitation, ALTA 3.1 Zoning, improved land; ALTA 6 Variable Rate; ALTA 8.1 Environmental; ALTA 9 Comprehensive, unmodified for improved land; ALTA 10.1 Assignment of mortgage with priority; ALTA 17 Access and abut; ALTA 18 Separate Tax Parcel; ALTA 22 Address; ALTA 25 Survey; ALTA 26 Subdivision; ALTA 27 Usury; ALTA 28 Easement; CLTA 101.3 Mechanics' liens/No notice of completion; CLTA 104.7 Assignment of Rents; CLTA 112 Bondholder; Special: Utilities; Special: Deletion of Arbitration provisions (paragraph 13 of Conditions); Special: Electronic signatures on policy/endorsements; Special: Doing Business As; and a commitment to issue such further endorsements as Bondowner Representative may require, including without limitation, CLTA 101.2 or CLTA 101.6 Mechanics' liens/Notice of completion, CLTA 102.5 Foundation without encroachment and CLTA 122 Datedown for draw in such number and at such times as may be required by Bondowner Representative; and (z) the Title Policy shall include a commitment by the Title Company to rewrite the Title Policy into a full ALTA Loan Policy (in 2006 form or other form acceptable to Bondowner Representative), containing all the endorsements listed above and any such additional endorsements as Bondowner Representative may reasonably require upon completion of construction of the Project. The Title Policy shall insure:

- (i) that Borrower possesses a fee interest in the Property;
- (ii) that the Deed of Trust is a valid first lien upon Borrower's fee interest in the Property, subject only to Permitted Prior Encumbrances;

(iii) that the following standard exceptions be waived and insured:
(A) facts which would be disclosed by a comprehensive survey of the Property,
(B) mechanic's, contractors' or materialmen's liens and lien claims, and (C) all other exceptions noted in Schedule B, Section I of the Title Policy.

(e) **Confirmation of Insurance.** Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative all insurance policies, certificates, and any other evidence of insurance coverage that Borrower is required to obtain and maintain pursuant to Article VII of this Loan Agreement.

(f) **Opinion Letters.** Bondowner Representative shall have received (i) an original Bond Counsel approving and tax opinion for the Bond or a reliance letter therefor, in form and content satisfactory to Bondowner Representative, with a reliance letter addressed to Bondowner Representative, and (ii) an opinion of Borrower's counsel addressed to Bondowner Representative, Bond Trustee and Issuer, in form and content satisfactory to Bondowner Representative and Issuer, which opinion shall state that the successors and assigns of Bondholder Representative as holder of the Bond and of Bond Trustee as trustee under the Indenture and holder of the Note are permitted to rely on the opinion.

(g) **Delivery of Contracts; Approval of Reports.** Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative:

- (i) a soils report for the Property;
- (ii) an environmental questionnaire and environmental site assessment with respect to the presence, if any, of Hazardous Materials on the Property;
- (iii) two sets of the Plans and Specifications, certified as complete by the Architect, together with evidence of all necessary or appropriate approvals of all applicable Governmental Authorities;
- (iv) copies of any initial study, negative declaration, mitigated negative declaration, environmental impact report, notice of determination or notice of exemption prepared, adopted, certified or filed by or with any Governmental Authority in connection with the Property and Project;
- (v) copies of all documents, agreements, instruments, policies and other materials relating to the Project requested by Bondowner Representative, including without limitation, appraisals; all design, architect's, engineering, brokerage and construction contracts; and surveys, in each case set forth in such detail as Bondowner Representative may require; and
- (vi) the fully executed Construction Agreement for the Project.

(h) ***Payment and Performance Bond as to Construction Agreement.*** Borrower shall have delivered to Bondowner Representative a payment and performance bond covering performance and labor and materials under the Construction Agreement, in form satisfactory to Bondowner Representative (the "Payment and Performance Bond"), meeting the following requirements:

(i) the Payment and Performance Bond shall name Borrower as obligee and Wells Fargo Bank, National Association, and its successors as Bondowner Representative under the Indenture as dual obligees;

(ii) the Payment and Performance Bond shall be in an amount not less than 100% of the costs of the Construction Agreement;

(iii) the Payment and Performance Bond shall be issued by a corporate surety licensed to do business in the State of California and approved in writing by Bondowner Representative;

(iv) the Payment and Performance Bond shall include language to the effect that the Contractor will promptly and faithfully perform its obligations under the Construction Agreement and that the surety waives notice of any alteration or extension of time given by Borrower under the Construction Agreement;

(v) the Payment and Performance Bond shall include a requirement of the principal to promptly make payment to all claimants; and

(vi) the Payment and Performance Bond shall correctly state Borrower's name and the address of the Project;

(vii) Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that such Payment and Performance Bond has been recorded in the Official Records.

(i) ***Preliminary Reservation Letter.*** Bondowner Representative shall have received a photocopy of the Preliminary Reservation Letter from TCAC.

(j) ***Utilities.*** Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that all utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the development and occupancy of the Property and Project are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Project.

(k) ***Payment of Loan Fees.*** Borrower shall have paid to Bondowner Representative and CCRC, in good funds, all fees owing pursuant to Section 3.12 and shall have paid to Issuer and Bond Trustee all costs of issuance of the Bond and any applicable fees due and payable under the Bond Documents.

(l) ***Sufficiency of Funds.*** Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that there will be sufficient funds available to Borrower to complete the Project and cover all costs as shown on the Disbursement Budget attached hereto, whether from the proceeds of the Loan, Capital Contributions of the Investor Limited Partner, Subordinate Loans, amounts in the Borrower's Funds Account, or from another source or other sources acceptable to Bondowner Representative.

(m) ***Admission of Investor Limited Partner.*** Bondowner Representative shall have received and approved in form and content reasonably satisfactory to Bondowner Representative the fully executed Partnership Agreement. The Partnership Agreement shall have been amended in a manner reasonably satisfactory to Bondowner Representative to admit Investor Limited Partner as the limited partner of Borrower and Bondowner Representative shall have received a first priority security interest in (i) the general partnership interest of the General Partner in Borrower; and (ii) the housing tax credit awarded to Borrower, all in form and substance reasonably acceptable to Bondowner Representative. The Partnership Documents shall obligate the investor Limited Partner to make cash Capital Contributions in at least the amounts and at the times set forth in Section 8.02(u), below, subject to terms and conditions reasonably satisfactory to Bondowner Representative.

(n) ***Initial Capital Contribution.*** Borrower shall have delivered to Bondowner Representative simultaneously with the first disbursement of Bond proceeds, written evidence satisfactory to Bondowner Representative of the receipt by Borrower of the Initial Capital Contribution from the Investor Limited Partner and the application of the same in accordance with the Financial Requirements Analysis. Any unused portion of the Initial Capital Contribution shall be utilized as Borrower's Funds pursuant to the terms and conditions of the Loan Documents, shall be deposited into Borrower's Funds Account with Bondowner Representative and shall be disbursed by Bondowner Representative to pay Project Costs pursuant to the terms and conditions outlined in the Loan Documents.

(o) ***Receipt of Phase I Environmental Site Assessment Report.*** Borrower shall have delivered to Bondowner Representative, and Bondowner Representative shall have approved, a final Phase I Environmental Site Assessment Report for the Property.

(p) ***Construction; Delivery of Permits.*** Bondowner Representative shall have received a copy of the Notice to Proceed, evidence of all necessary or appropriate approvals of all applicable governmental authorities in connection with the Plans and Specifications, and evidence of satisfaction of any and all conditions precedent to issuance (other than payment of a fee) of all building permits and similar permits, licenses, approvals, development agreements and other authorizations of Governmental Authorities required in connection with the construction of the Project including, but not limited to, all authorizations, (including building permits, annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations) and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be

issued by any Governmental Authority which are (a) required for the construction of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested Disbursement, and all of the same shall remain in full force and effect.

(q) ***Approval of Contractor and Construction Agreement.*** Bondowner Representative shall have approved: (i) the selection of Contractor as the general contractor for the Project; and (ii) the Construction Agreement, in form and substance, along with a cost and plan review and development budget for the Project prepared in accordance with the Construction Agreement. Bondowner Representative shall have received a financial analysis of Contractor satisfactory to Bondowner Representative in form and substance.

(r) ***Subordinate Loans.*** Borrower shall have closed the Subordinate Loans (except for the CalHFA Loan which shall close prior to Conversion), each of which shall have been subordinated to the lien of the Deed of Trust and Bondowner Representative's and Bond Trustee's rights with respect to the Loan to the extent required by Bondowner Representative. Borrower shall have received the proceeds of the Subordinate Loans in such amounts as may be required by Bondowner Representative.

(s) ***RETECHS Review.*** Bondowner Representative shall have received a report from Bondowner Representative's RETECHS department ("RETECHS") certifying that (i) RETECHS has found no issues with the Property requiring that additional action be taken with respect to the Property prior to Issuer's receipt of the Property as collateral for the Loan and assignment thereof to Bondowner Representative, and (ii) the Project can be completed in accordance with the Plans and Specifications and the Construction Agreement by the Completion Date.

Section 4.02. Conditions Precedent to Any Disbursement. Bondowner Representative's obligation to make any "drawdown" purchase of the Bond and corresponding Disbursement of the Loan (including the first Disbursement and the final Disbursement) shall be subject to the satisfaction (or waiver by Bondowner Representative, in its sole discretion) of the following conditions precedent:

(a) **No Default; Compliance With Loan Documents and Bond Documents.** There shall exist no Default, as defined in this Loan Agreement, or Event of Default as defined in any of the other Bond Documents and Loan Documents or in the other Related Documents or event, omission or failure of condition which would constitute a Default or Event of Default after notice or lapse of time or both under any of the foregoing, or event requiring mandatory redemption of the Bond or event which, with the giving of notice or the passage of time, or both, could be any Default or event requiring mandatory redemption of the Bond, and Borrower shall have performed all of its obligations under this Loan Agreement and complied with all of the terms and conditions imposed by the Indenture and this Loan Agreement in connection with such Disbursement and, if Bondowner Representative shall so require, Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(b) ***Loan “in balance.”*** Any undisbursed Loan funds and all sums, if any, to be provided by Borrower as shown in Exhibit C, shall be at all times equal to or greater than the amount which Bondowner Representative from time to time determines necessary to: (i) pay, through completion, all costs of development, construction, marketing and sale or leasing of the Property and Improvements in accordance with the Loan Documents; (ii) pay all sums which may accrue under the Loan Documents prior to Conversion; and (iii) enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents effective prior to Conversion. If Bondowner Representative determines at any time that the undisbursed Loan funds are insufficient for said purposes, Borrower shall deposit the amount of such deficiency in Borrower’s Funds Account within 15 days of Bondowner Representative’s written demand.

(c) ***Application for Payment.*** Bondowner Representative shall have received and approved an Application for Payment (as defined in the Disbursement Plan) executed by Borrower stating the amount of the Disbursement then requested and meeting the requirements of the Disbursement Plan attached hereto as Exhibit D, and all other documents, instruments, agreements, certificates, lien waivers and other items required thereunder.

(d) ***Disbursement Plan Conditions.*** All of the conditions precedent to the requested Disbursement set forth in the Disbursement Plan attached hereto as Exhibit D shall have been satisfied.

(e) ***Compliance With Financial Requirements Analysis; Borrower’s Funds.*** Borrower shall be in compliance with its obligations under Section 4.06 and 4.07 of this Loan Agreement. To the extent that Borrower is obligated to deposit Borrower’s Funds into Borrower’s Funds Account pursuant to those Sections, such Borrower’s Funds shall have been fully disbursed as a condition to any obligation of Bondowner Representative to make further disbursement of proceeds of the Loan.

(f) ***Bondowner Representative Inspections.*** Bondowner Representative shall have determined, based upon such inspections and examinations of the progress of construction of the Project as Bondowner Representative shall elect in its sole judgment to conduct from time to time, that construction of the Project is proceeding in substantial conformity with the Plans and Specifications, as modified by change orders with respect to which Borrower has complied with Section 5.05. Borrower shall have paid all of the costs and expenses reasonably incurred by Bondowner Representative in any such inspection and examination.

(g) ***Government Inspections.*** If Bondowner Representative shall so require, any portion of the Project completed through the date of the requested Disbursement which requires inspection or certification by municipal or other governmental authorities shall have been inspected and certified as complete and all other necessary approvals shall have been duly issued and Bondowner Representative shall have received true and correct copies of all such inspections, certificates and approvals or Bondowner Representative shall have received other evidence, in form and content reasonably

satisfactory to Bondowner Representative, that the Project has been constructed in such a manner as to be in compliance with any such inspections, certificates and approvals.

(h) ***Title Endorsements.*** Bondowner Representative shall have received such endorsements and binders to the Title Policy as Bondowner Representative may require (including without limitation endorsements confirming the continuing priority of the Deed of Trust with respect to such Disbursement, and endorsements confirming that no encroachments exist on the Property or adjoining property). Bondowner Representative shall be furnished, at no cost to it, such surveys and certificates as may be required by Title Company in connection with the issuance of such endorsements.

(i) ***Mechanics' Liens; Stop Notices.*** No mechanic's lien shall have been recorded against the Property and no stop notice shall have been served upon Borrower, Issuer, Bond Trustee or Bondowner Representative (unless there has been issued a surety bond, or such other collateral as is satisfactory to Bondowner Representative, adequate to release the Project from the lien thereof in accordance with this section), and Bondowner Representative shall have no reasonable cause to believe that the requested Disbursement will be junior in priority of lien to any mechanics' or material suppliers' lien or to any intervening or other lien upon the Property; if a claim of lien is recorded which affects the Property or Project or a bonded stop notice is served upon Borrower, Issuer or Bondowner Representative, Borrower shall fully comply with Section 5.08.

(j) ***Compliance With Bond and Loan Documents.*** Borrower shall have complied with all of the terms and conditions imposed by the Indenture and this Loan Agreement in connection with such Disbursement and Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(k) ***Representations and Warranties.*** All representations and warranties contained in this Loan Agreement shall be true and correct in all material respects as of the date of the Disbursement, and Bondowner Representative shall have received a certificate restating each of such representations and warranties as true and correct as of the date of the Disbursement.

(l) ***Full Force and Effect.*** Each of the Bond Documents, Loan Documents, Partnership Documents, Subordinate Loan Documents and Restrictions shall remain in full force and effect, binding upon all parties thereto.

(m) ***Workmanship.*** All work performed to date in construction of the Project shall have been accomplished in a good workmanlike manner and in accordance with the Plans and Specifications.

(n) ***Intentionally Omitted.***

(o) ***Construction.*** Bondowner Representative shall have received a copy of evidence of all necessary or appropriate approvals of all applicable governmental authorities in connection with the Plans and Specifications, and all building permits and similar permits, licenses, approvals, development agreements and other authorizations of governmental authorities required in connection with the construction and development

of the Property and Project including, but not limited to, all authorizations, (including building permits, annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations) and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any governmental authority which are (a) required for the development and construction of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested Disbursement, and all of the same shall remain in full force and effect.

Section 4.03. Account, Pledge and Assignment, and Disbursement Authorization. The proceeds of the Bond and Borrower's Funds, when qualified for disbursement, shall be disbursed to or for the benefit or account of Borrower under the terms of this Loan Agreement and the Indenture; provided, however, that any direct disbursements from the proceeds of the Bond which are made by means of wire transfer, shall be subject to the provisions of Section 4.07 below. Disbursements hereunder may be made by Bondowner Representative upon the written request of any one of the following officers, Andrew Gross, President of TSADI or Tyler Monroe, Vice President of TSADI, acting alone, who have each been authorized by Borrower to request such disbursements and to select and exercise options for the Effective Rate (as defined in the Note) under the Note, until such time as written notice of Borrower's revocation of such authority is received by Bondowner Representative at the address shown in Exhibit D. As additional security for Borrower's performance under the Loan Documents, Borrower hereby irrevocably pledges and assigns to Bondowner Representative all monies at any time deposited in the Account.

Section 4.04. Borrower's Funds Account, Pledge and Assignment. Except as otherwise provided in this Loan Agreement, all of Borrower's Funds which are deposited with Bondowner Representative by Borrower as shown in Exhibit C, or any other provision of the Loan Documents, shall be placed in Borrower's Funds Account with, and controlled by, Bondowner Representative for disbursement under this Loan Agreement. All Borrowers' Funds shall be disbursed prior to any proceeds of the Bond funds being disbursed. As additional security for Borrower's performance under the Loan Documents, Borrower hereby irrevocably pledges and assigns to Bondowner Representative, and grants a security interest to Bondowner Representative in and to, all monies at any time deposited in Borrower's Funds Account.

Section 4.05. Financial Requirements Analysis. Promptly and in any event within 10 days after Borrower's discovery that the Financial Requirements Analysis does not accurately project the costs which have been and will be incurred in connection with development of the Project in accordance with the Plans and Specifications, Borrower shall notify Bondowner Representative of the discrepancy and shall submit to Bondowner Representative a revised budget of costs of development of the Project.

Section 4.06. Balancing. Borrower agrees to keep the Financial Requirements Analysis "in balance" at all times. The Financial Requirements Analysis is not "in balance" if any undisbursed principal of the Loan together with all sums, if any, to be provided by Borrower as shown in Exhibit C are not at all times equal to or greater than the amount which Bondowner Representative from time to time reasonably determines necessary to: (i) complete each line item

category as contained on Exhibit C; (ii) pay, through completion, all costs of construction, operation and leasing of the Project in accordance with the Loan Documents; (iii) pay all sums which may become payable under the Loan Documents and Other Related Documents; and (iv) enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents. If Bondowner Representative reasonably determines at any time that the Financial Requirements Analysis is not “in balance”, Borrower shall provide the amount of such deficiency to Bondowner Representative for deposit into Borrower’s Funds Account.

Section 4.07. Funds Transfer Disbursements. Borrower hereby authorizes Bondowner Representative to disburse the proceeds of any Loan(s) made by Bondowner Representative or its affiliate pursuant to the Loan Documents as requested by an authorized representative of Borrower to any of the accounts designated in Exhibit F. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by Borrower; or, (ii) made in Borrower’s name and accepted by Bondowner Representative in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Bondowner Representative may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than named by Borrower. Bondowner Representative is not obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Bondowner Representative takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many times Bondowner Representative takes these actions Bondowner Representative will not in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Bondowner Representative and Borrower. Borrower agrees to notify Bondowner Representative of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within 14 days after Bondowner Representative’s confirmation to Borrower of such transfer.

Bondowner Representative will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Bondowner Representative may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization; (ii) require use of a bank unacceptable to Bondowner Representative or prohibited by government authority; (iii) cause Bondowner Representative to violate any Federal Reserve or other regulatory risk control program or guideline; or (iv) otherwise cause Bondowner Representative to violate any applicable law or regulation.

Bondowner Representative shall not be liable to Borrower or any other parties for: (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower’s transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of Bondowner Representative; (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Bondowner Representative’s control; or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any

claim for these damages is based on tort or contract or (b) Bondowner Representative or Borrower knew or should have known the likelihood of these damages in any situation. Bondowner Representative makes no representations or warranties other than those expressly made in this Loan Agreement.

Notwithstanding anything to the contrary herein, disbursements of Bond proceeds shall be made only through the Bond Trustee as required by the Indenture.

Section 4.08. Loan Disbursements. Subject to the conditions set forth in Sections 4.01 and 4.02, the proceeds of the Bond and Borrower's Funds shall be disbursed in accordance with the terms and conditions of Exhibit D. Disbursements made after the deposit of Borrower's Funds shall be made first from the Borrower's Funds Account until depleted, unless needed to qualify for the "50% bond test." Disbursements of proceeds of the Bond and Borrower's Funds shall be made, upon satisfaction or waiver of the conditions set forth in Sections 4.01 and 4.02, into the applicable Account. All disbursements shall be held by Borrower in trust and applied by Borrower solely for the purposes for which the funds have been disbursed. Bondowner Representative has no obligation to monitor or determine Borrower's use or application of the disbursements.

Section 4.09. Conditions to the Obligations of the Issuer. The obligations of the Issuer to issue and deliver the Bond on the Closing Date shall be subject, at the option of the Issuer, to the performance by Bondowner Representative and Borrower of their respective obligations to be performed hereunder and under the Indenture at or prior to the Closing Date and to the following additional conditions:

- (a) Each of the Indenture, this Loan Agreement and the Regulatory Agreement shall have been executed by the parties thereto;
- (b) No order, decree, injunction, ruling or regulation of any court, regulatory agency public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly of prohibiting the offering, sale or issuance of the Bond as contemplated in the Indenture herein; and
- (c) The conditions precedent set forth in Sections 4.01 and 4.02 hereof shall have been satisfied.

ARTICLE V

CONSTRUCTION

Section 5.01. Commencement and Completion of Construction. Borrower shall commence construction of the Improvements within 30 days after the Closing Date and shall complete construction of the Improvements on or before the Completion Date.

Section 5.02. Force Majeure. The time within which construction of the Improvements must be completed shall be extended for a period of time equal to the period of any delay directly affecting construction which is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation

of materials, supplies or labor; provided, however, that Borrower shall furnish Bondowner Representative with written notice satisfactory to Bondowner Representative evidencing any such delay within 10 days from the occurrence of any such delay. In no event shall the time for completion of the Improvements be extended beyond the earlier of the Mandatory Conversion Date or more than 60 days beyond the Completion Date without the prior written consent of Bondowner Representative.

Section 5.03. Construction Agreement. Borrower and Contractor have entered into the Construction Agreement pursuant to the terms and conditions of which Contractor is to construct the Improvements. Borrower shall require Contractor to perform in accordance with the terms of the Construction Agreement and shall not amend, modify or alter the responsibilities of Contractor under the Construction Agreement without Bondowner Representative's prior written consent. Borrower shall execute, upon Bondowner Representative's request, an assignment of Borrower's rights under the Construction Agreement to Bondowner Representative as security for Borrower's obligations under this Loan Agreement and the other Loan Documents and shall cause the Contractor to consent to any such assignment.

Section 5.04. Architect's Agreement. Borrower and Architect have entered into the Architect's Agreement pursuant to which Architect is to design the construction of the Improvements. Borrower shall require Architect to perform in accordance with the terms of the Architect's Agreement and shall not amend, modify or alter the responsibilities of Architect under the Architect's Agreement without Bondowner Representative's prior written consent. Upon Bondowner Representative's request, Borrower shall execute an assignment of the Architect's Agreement and the Plans and Specifications to Bondowner Representative as additional security for Borrower's performance under this Loan Agreement and the other Loan Documents and shall cause the Architect to consent to any such assignment.

Section 5.05. Plans and Specifications.

(a) ***Changes; Bondowner Representative Consent.*** Except as otherwise provided in this Loan Agreement, Borrower shall not make any changes in the Plans and Specifications without Bondowner Representative's prior written consent if such change: (i) constitutes a material change in the building material or equipment specifications, or in the architectural or structural design, value or quality of any of the Improvements; (ii) would result in an increase of construction costs in excess of Seventy-Five Thousand and No/100 Dollars (\$75,000.00) for any single change or in excess of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) for all such changes; or (iii) would adversely affect the structural integrity, quality of building materials, or overall efficiency of operating systems of the Improvements. Without limiting the above, Bondowner Representative agrees that Borrower may make minor changes in the Plans and Specifications without Bondowner Representative's prior written consent, provided that such changes do not violate any of the conditions specified herein. Borrower shall at all times maintain, for inspection by Bondowner Representative, a full set of working drawings of the Improvements.

(b) ***Changes; Submission Requirements.*** Borrower shall submit any proposed change in the Plans and Specifications to Bondowner Representative at least

10 days prior to the commencement of construction relating to such proposed change whether or not such change is subject to Bondowner Representative's consent. Requests for any change which requires consent shall be accompanied by working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bondowner Representative, signed by Borrower and, if required by Bondowner Representative, also by the Architect and the Contractor. At its option, Bondowner Representative may require Borrower to provide: (i) evidence satisfactory to Bondowner Representative of the cost and time necessary to complete the proposed change; (ii) a deposit in the amount of any increased costs into Borrower's Funds Account; and (iii) a complete set of "as built" Plans and Specifications for the completed Improvements.

(c) **Consent Process.** Borrower acknowledges that Bondowner Representative's review of any changes and required consent may result in delays in construction and hereby consents to any such delays.

(d) **Final Plans and Specifications.** Upon completion of the Improvements, Borrower shall deliver to Bondowner Representative within 10 days a set of final Plans and Specifications.

Section 5.06. Contractor/Construction Information. Within 10 days of Bondowner Representative's written request, Borrower shall deliver to Bondowner Representative from time to time in a form acceptable to Bondowner Representative: (a) a list detailing the name, address and phone number of each contractor, subcontractor and material supplier to be employed or used for the construction of the Improvements together with the dollar amount, including changes, if any, of each contract and subcontract, and the portion thereof, if any, paid through the date of such list; (b) copies of each contract and subcontract identified in such list, including any changes thereto; (c) a cost breakdown of the projected total cost of constructing the Improvements, and that portion, if any, of each cost item which has been incurred; and (d) a construction progress schedule detailing the progress of construction and the projected sequencing and completion time for uncompleted work, all as of the date of such schedule.

Borrower agrees that Bondowner Representative may disapprove any contractor, subcontractor or material supplier which, in Bondowner Representative's good faith determination, is deemed financially or otherwise unqualified; provided, however, that the absence of any such disapproval shall not constitute a warranty or representation of qualification by Bondowner Representative. Bondowner Representative may contact any such contractor, subcontractor or material supplier to discuss the course of construction.

Section 5.07. Prohibited Contracts. Without Bondowner Representative's prior written consent, Borrower shall not contract for any materials, furnishings, equipment, fixtures or other parts or components of the Improvements, if any third party shall retain any ownership interest (other than lien rights created by operation of law) in such items after their delivery to the Property and Improvements. Borrower shall have five days to effect the removal of any such retained interest.

Section 5.08. Liens and Stop Notices. If a claim of lien is recorded which affects the Property or Improvements or a bonded stop notice is served upon Issuer, Bond Trustee or

Bondowner Representative, Borrower shall, within 20 calendar days of such recording or service or within five calendar days of Bondowner Representative's demand, whichever occurs first: (a) pay and discharge the claim of lien or bonded stop notice; (b) effect the release thereof by recording or delivering to Bondowner Representative a surety bond in sufficient form and amount; or (c) provide Issuer, Bond Trustee and Bondowner Representative with other assurances which Issuer or Bondowner Representative deems, in its sole discretion, to be satisfactory for the payment of such claim of lien or bonded stop notice and for the full and continuous protection of Issuer, Bond Trustee and Bondowner Representative from the effect of such lien or bonded stop notice. Borrower shall promptly pay or otherwise discharge all taxes, claims and liens for labor done, and for materials and services furnished, which may affect the Property. Borrower shall keep the Property free of all liens, claims, charges or encumbrances. Borrower shall have the right to contest in good faith any taxes, claim or lien by appropriate proceedings on the terms and conditions set forth in the Deed of Trust.

Section 5.09. Construction Responsibilities. Borrower shall construct the Improvements in a workmanlike manner according to the Plans and Specifications and the recommendations of any soils or engineering report approved by Bondowner Representative. Borrower shall comply with all applicable laws, ordinances, rules, regulations, building restrictions, recorded covenants and restrictions, and requirements of all regulatory authorities having jurisdiction over the Property or Improvements. Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and Improvements, including, without limitation, for the quality and suitability of the Plans and Specifications and their compliance with all governmental requirements, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all disbursements. Neither Issuer, Bond Trustee nor Bondowner Representative is obligated to supervise, inspect or inform Borrower or any third party of any aspect of the construction of the Improvements or any other matter referred to above.

Section 5.10. Assessments and Community Facilities Districts. Without Bondowner Representative's prior written consent, Borrower shall not cause to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property and Project pursuant to: (a) the Mello-Roos Community Facilities act of 1982; (b) the Municipal Improvement Act of 1913; or (c) any other comparable or similar statute or regulation. Borrower shall not cause or otherwise consent to the levying of special taxes or assessments against the Property and Project by any such assessment district or community facilities district.

Section 5.11. Delay. Borrower shall promptly notify Bondowner Representative in writing of any event causing more than a five-day delay or interruption of construction, or the timely completion of construction. The notice shall specify the particular work delayed, and the cause and period of each delay.

Section 5.12. Inspections. Bondowner Representative shall have the right, including after Conversion, to enter upon the Property at all reasonable times and upon reasonable notice to inspect the Project and the construction work and to verify information disclosed or required

pursuant to this Loan Agreement. If Bondowner Representative in its reasonable judgment determines that any work or materials fail to conform to the approved Plans and Specifications or sound building practices, or that they otherwise depart from any of the requirements of this Loan Agreement, Bondowner Representative may require the work to be stopped and withhold its consent to further disbursements of proceeds of the Loan and Borrower's Funds until the matter is corrected. If this occurs, Borrower must correct the work to Bondowner Representative's reasonable satisfaction promptly and, at Bondowner Representative's request, halt all other work pending completion of such corrective work. No such action by Bondowner Representative will affect Borrower's obligation to complete the Project in substantial conformity with the Plans and Specifications on or before the Completion Date. Bondowner Representative has no duty to visit the Project site, to supervise or observe construction activities or to examine any books or records. Any site visit, observation or examination by Bondowner Representative is solely for the purpose of protecting Bondowner Representative's rights and interests, and may not be relied upon by Borrower or by any third party as a representation or warranty of compliance with this Loan Agreement or any other agreement. No site visit, observation or examination by Bondowner Representative will impose any liability on Bondowner Representative with respect to the adequacy of the design or construction of the Project or result in a waiver of any default of Borrower or be a representation that Borrower is or will be in compliance with the Plans and Specifications, that the construction is free from defective materials or workmanship, or that the construction complies with all applicable Requirements. Neither Borrower nor any other party is entitled to rely on any site visit, observation or examination by Bondowner Representative. Bondowner Representative owes no duty of care to protect Borrower or any other party against, or to inform Borrower or any other party of, any negligent or defective design or construction of the Project or any other adverse condition affecting the Property.

Section 5.13. Survey. Borrower shall deliver to Bondowner Representative: (a) as a condition to closing of the Loan, a survey of the Property acceptable to a title insurer for purposes of issuing an ALTA policy of title insurance, which shall include a certification by the surveyor of Items 6 and 7(c) of Table A to the Minimum Standard Detail Requirements For ALTA/ACSM Land Title Surveys; and (b) upon completion of the Improvements, an as-built survey acceptable to Title Company for purposes of issuing an ALTA policy of title insurance, which shall include a certification by the surveyor of Items 6 and 7(c) of Table A to the Minimum Standard Detail Requirements For ALTA/ACSM Land Title Surveys. All such surveys shall be performed and certified by a licensed engineer or surveyor acceptable to the Title Company.

Section 5.14. Payment and Performance Bonds. Borrower shall thereafter maintain in effect, at all times prior to Completion, the dual obligee Payment and Performance Bond required pursuant to Section 4.01(h). If requested by Bondowner Representative, Borrower shall record said Payment and Performance Bond and shall file the Plans and Specifications and the Construction Agreement, if any, in the Official Records of the County.

Section 5.15. Project, Title, Operation and Maintenance.

(a) The Issuer shall not be under any obligation to operate, maintain or repair the Property. Borrower agrees that it will, at its own expense, (i) keep the Property in safe repair and in such operating condition as is needed for its operations; (ii) make all

necessary repairs and replacements to the Property (whether ordinary or extraordinary, structural or nonstructural); (iii) subject to the restrictions imposed by the Regulatory Agreement and other Restrictions, operate the Project in a sound and economic manner in accordance with usual business practice; (iv) operate the Project in compliance with all applicable laws, codes, environmental laws, zoning laws, the ADA (to the extent applicable) and laws regulating construction, occupancy or maintenance of property of a character included in the Project; and (v) comply with all existing and future laws, regulations, orders, building codes and restrictions and requirements of, and all permits and approvals from, and agreements with and commitments to, all governmental, judicial or legal authorities having jurisdiction over the Property or Borrower's business, conducted thereon or therefrom and with all restrictive covenants and other title encumbrances encumbering the Property, including without limitation those contained in the Regulatory Agreement and the other Restrictions (all collectively, the "Requirements").

(b) Borrower shall pay all expenses of the operation and maintenance of the Project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the term of this Loan Agreement, all in conformance with and subject to any good faith contest provisions provided in the Deed of Trust.

(c) In the event Borrower shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Loan Agreement or shall fail to keep the Project in good repair and good operating condition and make all necessary repairs and replacements to the Project, Bondowner Representative may, after providing Borrower with reasonable notice and the opportunity to remedy the problem(s) identified by Bondowner Representative, but shall be under no obligation to, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and Borrower agrees to reimburse the Issuer, Bond Trustee or Bondowner Representative to the extent of the amounts so advanced, and in addition shall pay interest on any such amount at the Default Rate from the date such amount was advanced until the date such amount was repaid or reimbursed by Borrower.

(d) Borrower shall obtain or cause to be obtained all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all applicable lawful requirements of any governmental body regarding the use or condition of the Project, whether existing or later enacted or whether involving any change in governmental policy or requiring structural or other changes to part or all of the Project and irrespective of the cost of making the same. Borrower must deliver copies of all such permits and approvals to Bondowner Representative promptly and in any event within 20 days after receipt thereof.

(e) Notwithstanding the provisions of this Section 5.15, Borrower may in good faith contest the validity or the applicability of any law, ordinance, rule or regulation provided that during the period of such contest and any appeal therefrom, (i) such failure to comply with such requirement or requirements will not adversely affect

the lien of the Deed of Trust or materially endanger such liens or the Project or any part thereof, (ii) will not subject the Project or any part thereof to loss or forfeiture and (iii) Borrower will post with Bondowner Representative, for the benefit of the Bondholders, cash, a bond or other reasonably acceptable security in an amount equal to 125% of the disputed amount.

(f) Borrower agrees not to permit or suffer others to commit a nuisance in or about the Property or themselves commit a nuisance in connection with their use or occupancy of the Property.

Section 5.16. Advances. Borrower acknowledges and agrees that under this Loan Agreement and certain of the other Loan Documents, the Bondholders, the Bond Trustee or Bondowner Representative may, but shall be under no obligation to, take certain action and make certain advances relating to the Project from certain funds held under the Indenture or otherwise, or to certain other matters as expressly provided therein, and Borrower shall be obligated to repay all such advances on demand with interest from the date such payment was originally advanced until repaid or reimbursed by Borrower at the Default Rate.

Section 5.17. Alterations to the Project and Removal of Equipment. After completion of construction in accordance with the Plans and Specifications, subject to Section 5.05(a), Borrower shall not, without the reasonable consent of Bondowner Representative, remodel or make any additions, modifications, alterations, or changes to the Project (collectively referred to as “alterations”) in or to the Project or remove any equipment therefrom other than in the ordinary course of business in the operation of the Project. Notwithstanding the provisions of the Deed of Trust, no such alteration or removal will be made if to do so would impair the character of the Project as a “project” within the meaning of the Law or the Act, or impair the exclusion of interest on the Bond from gross income for federal income tax purposes.

Section 5.18. Construction Schedule. If, based on any construction progress schedule or other materials submitted by Borrower, Bondowner Representative in its reasonable judgment determines that the Project will not be completed by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of construction to permit timely completion. In addition, if Bondowner Representative in its reasonable judgment determines that any building constituting the Project will not be “placed in service” (within the meaning of Section 42 of the Code) by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of construction. Within 15 days after receiving such a request from Bondowner Representative, Borrower must deliver to Bondowner Representative a revised construction progress schedule showing completion of the Project by the Completion Date. As a condition to any agreement to extend the Completion Date, Bondowner Representative may require Borrower to confirm by evidence satisfactory to Bondowner Representative that such extension will not have any adverse effect upon the availability of the LIHTC for the Project.

Section 5.19. Preservation of Rights. Borrower must obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower’s business thereon or therefrom.

Section 5.20. Maintenance and Repair. Borrower must (a) maintain the Property, including the parking and landscaping portions thereof, in good condition and repair, reasonable wear and tear excepted, (b) promptly make all necessary structural and non-structural repairs to the Project (or cause tenants under any leases to perform such obligation), and (c) not erect any new buildings, structures or building additions on the Property, without the prior written consent of Bondowner Representative. Borrower must pay when due all claims for labor performed and materials furnished therefor in connection with any improvement or construction activities.

Section 5.21. Performance of Acts. Borrower must perform, upon Bondowner Representative's request, all acts necessary to perfect any lien or security interest provided for in the Loan Documents.

Section 5.22. Management Agreement. Bondowner Representative must review and approve any agreement providing for the management or operation of the Property, including any material modifications or amendments thereto before Borrower can enter into such agreement, provided, however, the approval of Bondowner Representative shall not be required for the renewal of any such agreement.

Section 5.23. Tax Receipts. From and after the Conversion Date, at Borrower's sole expense, Bondowner Representative must be furnished with a tax services contract issued with respect to the Project by a tax reporting service satisfactory to Bondowner Representative.

ARTICLE VI

[RESERVED]

ARTICLE VII

INSURANCE

Borrower shall, while any obligation of Borrower or any Guarantor under any Loan Document remains outstanding, maintain at Borrower's sole expense, with licensed insurers approved by Bondowner Representative, the following policies of insurance in form and substance satisfactory to Bondowner Representative. Capitalized terms used in this Article shall have the same meaning as such terms are commonly and presently defined in the insurance industry.

Section 7.01. Title Insurance. A Title Policy, together with any endorsements which Bondowner Representative may require, including, without limitation, those required under Section 4.01(d) of this Loan Agreement prior to the Conversion Date and those required in connection with the CCRC Title Policy, as defined and set forth in the Bond Purchase Agreement, from and after the Conversion Date, insuring Bond Trustee, in the principal amount of the Loan, of the validity and the priority of the lien of the Deed of Trust upon the Property, subject only to matters approved by Bondowner Representative in writing. During the term of the Loan, Borrower shall cause to be delivered to Bondowner Representative, within five days of Bondowner Representative's written request, such other endorsements to the Title Policy as Bondowner Representative may require, including without limitation, a lien-free endorsement in

form and content satisfactory to Bondowner Representative upon completion of the construction of the Improvements. Upon the request of Bondowner Representative, or its successors or assigns, Borrower shall provide a valid recorded Notice of Completion evidencing that the Improvements are 100% complete, Bondowner Representative shall have received a lien free endorsement in form and content satisfactory to Bondowner Representative to be attached to the Title Policy, and an LP-10 Rewrite to the Title Policy in form and content satisfactory to Bondowner Representative, or its successors or assigns.

Section 7.02. Property Insurance.

(a) Prior to the Conversion Date, a Builders All Risk/ Special Form Completed Value (Non-Reporting Form) Hazard Insurance policy, including without limitation, theft coverage and such other coverages and endorsements as Bondowner Representative may require, insuring Bondowner Representative against damage to the Property and Improvements in an amount not less than 100% of the full replacement cost at the time of completion of the Improvements. Such coverage should adequately insure any and all Loan collateral, whether such collateral is onsite, stored offsite or otherwise. Bond Trustee shall be named on the policy as Mortgagee and named under a Lender's Loss Payable Endorsement (form ISO CP 1218 or form #438BFU or equivalent).

(b) At all times from and after the Conversion Date, Borrower shall provide, maintain and keep in full force and effect all insurance required in clauses (i) through (v) below, as well as such additional insurance as CCRC in its reasonable judgment may from time to time require, against insurable hazards which at the time are commonly insured against in the case of properties situated similarly to that of the Property. Borrower shall supply CCRC with a certificate of insurance for any and all policies required hereunder. Insurance required hereunder is as follows:

(i) Borrower must provide insurance, with a replacement cost provision in the policy of insurance or as an endorsement attached thereto, insuring against loss or damage to the Property and Improvements as follows:

(A) insurance against loss or damage from fire and/or lightning;

(B) insurance against loss or damage from other risks embraced by the type of coverage known as "Special Form" (formerly known as "All Risk") Fire and Extended Coverage insurance, including riot and civil commotion, vandalism and malicious mischief, in an amount not less than the Loan amount;

(C) insurance against loss or damage from any boilers, electrical wiring and/or heating, air conditioning and/or refrigeration equipment, or other similar equipment and machinery, at full replacement cost;

(D) such other insurance, endorsements and/or renewals, including extended coverage, as CCRC may require, insuring against such perils, risks or hazards as CCRC may designate, including (1) flood

insurance, if the Property is located in a flood zone pursuant to those certain NFIP maps issued by the Federal Emergency Management Agency, covering the Property, and, (2) earthquake insurance in such amounts, and on such terms and conditions, as CCRC may require, but only in the event that either (x) the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation requires regulated financial institutions or entities such as CCRC to require borrowers or customers to insure against earthquakes, or (y) either Fannie Mae or the Federal Home Loan Mortgage Corporation requires that collateral for loans in its respective programs be insured against earthquakes, or (z) the Property is or becomes located in an "Alquist-Priolo" zone as determined by reference to applicable California law;

(ii) Borrower must provide worker's compensation insurance as may be required by applicable worker's compensation insurance laws (including employer's liability insurance, if required by CCRC), covering all employees of Borrower;

(iii) Borrower must provide rental income or rental value insurance with respect to the Improvements, with a liability of not less than 18 months' project rents therefrom, naming CCRC as a lender loss payee;

(iv) Borrower must provide ordinance and law coverage for properties that contain any type of non-conformance under current building, zoning, or land use laws or ordinances; and

(v) Borrower must provide professional liability insurance for properties which provide any form of on-site services, where service provider requires a professional license or an advanced professional degree, and shall maintain professional liability insurance protecting the property against errors and omissions of such service provider. Borrower shall also require such service providers to carry the same professional liability insurance with limits not less than \$1,000,000 each occurrence.

Section 7.03. Flood Hazard Insurance. A policy of flood insurance, as required by applicable governmental regulations, or as deemed necessary by Bondowner Representative, in an amount required by Bondowner Representative, but in no event less than the amount sufficient to meet the requirements of applicable law and governmental regulation.

Section 7.04. Liability Insurance. A policy of Commercial General Liability insurance on an occurrence basis, with coverages and limits as required by Bondowner Representative, insuring against liability for injury and/or death to any person and/or damage to any property occurring on the Property and/or in the Improvements. During the period of any construction, Borrower may cause its contractors and/or subcontractors to maintain in full force and effect any or all of the liability insurance required hereunder. Bondowner Representative may require that Borrower be named as an additional insured on any such policy. Whether Borrower employs a general contractor or performs as owner-builder, Bondowner Representative may require that

coverage include statutory workers' compensation insurance. Upon conversion, Borrower must provide comprehensive liability insurance naming Bond Trustee and Bondowner Representative as additional insured parties, on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death or property damage liability, with a limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the annual aggregate (or, if the Property contains one or more elevators, at least \$3,000,000 per occurrence, and \$4,000,000 in the annual aggregate).

Section 7.05. Other Coverage. Such other reasonable insurance in such reasonable amounts as Bondowner Representative may from time to time request against such other insurable hazards which at the time are commonly insured against for property similar to the subject Property located in or around the region in which the subject Property is located. Such coverage requirements may include but are not limited to coverage for earthquake (subject to the terms of Section 7.2 (b)(i)(D) above, acts of terrorism, business income, rental loss, sink hole, soft costs, tenant improvement or environmental.

Section 7.06. Other Insurance. If Bondowner Representative so requests, Borrower must provide such certified copy of worker's compensation insurance as may be required by applicable worker's compensation insurance laws (including employer's liability insurance, if required by Bondowner Representative), covering all employees of Borrower. Borrower must provide such additional insurance upon Conversion as described in this Article VII.

Section 7.07. General.

(a) Borrower shall provide to Bondowner Representative the originals of all required insurance policies, or other evidence of insurance acceptable to Bondowner Representative. All insurance policies shall provide that the insurance shall not be cancelable or materially changed without 10 days prior written notice to Bondowner Representative and Bond Trustee of any cancellation for nonpayment of premiums and not less than 30 days' prior written notice to Bondowner Representative and Bond Trustee of any other cancellation or any modification (including a reduction in coverage). Bondowner Representative and Bond Trustee shall be named under a Bondowner Representative's Loss Payable Endorsement (Form # ISO CP 1218 or its equivalent) on all insurance policies which Borrower actually maintains with respect to the Property and Improvements. All insurance policies shall be issued and maintained by insurers approved to do business in the state in which the Property is located and must have an A.M. Best Company financial rating and policyholder surplus acceptable to Bondowner Representative. All proceeds of insurance policies shall be controlled by Bondowner Representative and disbursed by Bondowner Representative pursuant to and in accordance with Section 5.06 of the Deed of Trust. Borrower shall provide to Bondowner Representative evidence of any other hazard insurance Bondowner Representative may deem necessary at any time during the Loan.

(b) All policies of insurance required under the Loan Documents from and after Conversion must be issued to Borrower as the named insured party by companies approved by Bondowner Representative having Best's ratings of not less than A:X, and be approved by Bondowner Representative as to amounts, forms, risk coverages,

deductibles, expiration dates, and loss payable and cancellation provisions. The maximum allowable deductible is \$5,000. In addition, each required policy must contain such endorsements as Bondowner Representative may require, as well as a Bondowner Representatives Loss Payable Endorsement ISO CP 1218 or its equivalent in favor of Bond Trustee and CCRC at 100 West Broadway, Suite 1000, Glendale, California 91210, and must provide that all proceeds be payable to Bond Trustee and CCRC to the extent of its interest. An approval by Bondowner Representative is not, and shall not be deemed to be, a representation of the solvency of any insurer or the sufficiency of any amount of insurance. Co-insurance shall not be allowed in connection with the policies of insurance required hereunder. At all times, Borrower shall provide, maintain and keep in force all insurance required in Sections 7.01 through 7.06 above.

(c) Each policy of insurance required under the Loan Documents must provide that it may not be modified or canceled without at least 30 days' prior written notice to Bondowner Representative and Bond Trustee. The Certificate of Insurance for each policy of insurance required hereunder shall show Bondowner Representative as a recipient of any notice of cancellation as follows: (i) prior to Conversion, at Wells Fargo Bank, Community Lending and Investment, MAC #20164-091, 333 S. Grand Street, 9th Floor, Los Angeles, California 90071, Attention: Loan Administration Officer, and (ii) after Conversion, at CCRC, 100 West Broadway, Suite 1000, Glendale, California 91210, Attention: President. At least 10 days before expiration of any required insurance policy, Borrower shall furnish Bondowner Representative with proof acceptable to Bondowner Representative that a new policy has been issued, continuing in force the insurance covered by the policy that is expiring. At the same time, Borrower shall also furnish Bondowner Representative with evidence satisfactory to Bondowner Representative that all premiums for any such new policy have been paid. If at least 10 days before a required policy expires, Bondowner Representative do not receive proof and evidence that a new policy has been issued and that the premiums for it have been paid, Bondowner Representative in its sole discretion may procure a new policy and advance funds to pay the premiums for it. Borrower shall repay Bondowner Representative immediately on demand for any advance for such premiums, which shall be considered to be an additional loan to Borrower bearing interest at the rate of interest provided for in the Note, and secured by the Loan Documents.

(d) At the time of Conversion, Borrower must provide temporary evidence of property insurance in the form of signed originals of the most recent editions of the ACORD 28 or ACORD 75S Insurance Binder, liability insurance in form of signed originals of the most recent edition of the ACORD 25S certificate of liability insurance form, and permanent evidence within thirty (30) days of Conversion in the form of a complete duplicate original copy of each required insurance policy, including all endorsements, conditions, exclusions and limitations.

(e) Upon an Event of Default, whether or not the same has thereafter been cured or waived by Bondowner Representative, but for the lapse of any applicable grace period, Borrower shall, at the request of Bondowner Representative, deposit with Bondowner Representative, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by Bondowner Representative, to

pay all insurance premiums next due on all policies of insurance required by this Loan Agreement or the other Loan Documents. In such event, Borrower further agrees, upon Bondowner Representative's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Bondowner Representative. Upon receipt of such bills, statements or other documents, and provided Borrower has deposited sufficient funds with Bondowner Representative pursuant to this Section 7.07, Bondowner Representative shall pay such premiums as may be due thereunder out of the funds so deposited with Bondowner Representative. If at any time and for any reason the funds deposited with Bondowner Representative are or will be insufficient to pay such premiums as may then or subsequently be due, Bondowner Representative may notify Borrower and Borrower shall immediately deposit an amount equal to the deficiency with Bondowner Representative. If at any time the funds deposited with Bondowner Representative exceed the amount deemed necessary by Bondowner Representative to pay such premiums as may then or subsequently be due, such excess shall be credited to Borrower on the next monthly installment or installments of such funds. Upon payment and performance in full of the Loan all indebtedness and obligations under the Loan Documents, Bondowner Representative shall promptly refund to Borrower any such funds held by Bondowner Representative. Nothing herein shall cause Bondowner Representative to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Bondowner Representative pursuant to this Section 7.07. Bondowner Representative may commingle such deposits with its own funds and Borrower shall not be entitled to any interest thereon.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

Section 8.01. Representations and Warranties of the Issuer. The Issuer makes the following representations and warranties:

(a) The Issuer is a municipal corporation and charter city, and is authorized to issue the Bond to finance a portion of the cost of the Project pursuant to the Law and in accordance with the Act.

(b) The Issuer has lawful power and authority under the Law and the Act to enter into this Loan Agreement and the Indenture and to carry out its obligations hereunder and under the Indenture. By proper action of its governing body, the Issuer has been duly authorized to execute and deliver this Loan Agreement, acting by and through its duly authorized officers. The Indenture and this Loan Agreement have been duly executed by the Issuer and, assuming due execution by all other parties thereto, each constitutes a valid, legal, binding and enforceable obligation of the Issuer (subject to bankruptcy, insolvency or creditors' rights laws, principles of equity and the limitations of remedies against governmental agencies within the State) without offset, defense or counterclaim. To the Issuer's knowledge, the execution, delivery and performance of the Indenture and this Loan Agreement by the Issuer will not violate any material provision of any law, regulation, order or decree of any governmental authority and all consents,

approvals, authorizations, orders or filings of or with any State court or governmental agency or body, if any, required for the execution, delivery and performance of such documents by the Issuer have been obtained or made.

(c) To the Issuer's knowledge, the Issuer has not received notice of any pending or threatened action, suit or proceeding, arbitration or governmental investigation against the Issuer, an adverse outcome of which would materially affect the Issuer's performance under the Indenture and this Loan Agreement.

(d) To the Issuer's knowledge, the execution, delivery and performance of the Indenture and this Loan Agreement by the Issuer will not cause or constitute a material default under or materially conflict with its organizational documents or other agreements to which it is a party or otherwise materially adversely affect performance of the duties of the Issuer under such organizational documents or other agreements.

Section 8.02. Representations and Warranties of the Borrower. As a material inducement to Bondowner Representative's entry into this Loan Agreement and Issuer's issuance of the Bond, Borrower represents and warrants to Bondowner Representative and Issuer as of the Effective Date and continuing thereafter that:

(a) ***Organization of Borrower and General Partner.*** Borrower is and shall at all times hereafter be a limited partnership duly organized and validly existing under the laws of the State of California and is and at all times hereafter shall be qualified and licensed to do business, and is in good standing, in any state in which it conducts its business or in which the failure to qualify could have a material adverse effect on the condition, financial or otherwise, business, Property or results of operations of Borrower. General Partner is and shall at all times be a limited liability company, duly organized and validly existing under the laws of the state of its formation, and is and at all times shall be qualified and licensed to do business, and is in good standing, in any state in which it conducts its business or in which the failure to qualify could have a material adverse effect on the condition, financial or otherwise, of its business or the Property.

(b) ***Enforceability.*** Borrower is in compliance with all laws and regulations applicable to its organization, existence and transaction of business and has all necessary rights and powers to own, develop and operate the Property and Improvements as contemplated by the Loan Documents.

(c) ***Requisite Power.*** Borrower has all requisite partnership power to borrow the sums provided for under the Loan and under this Loan Agreement, and has all requisite power to execute, deliver, issue and perform this Loan Agreement and all other Loan Documents to which it is a party and to consummate the transactions hereunder and thereunder. General Partner has all requisite power to act on its own behalf and as Borrower's general partner in connection with its and Borrower's execution, delivery and performance of this Loan Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith to which it or Borrower is a party, and the consummation of the transactions hereunder or thereunder.

(d) **Formation and Organizational Documents.** Borrower has delivered to Bondowner Representative all formation and organizational documents of Borrower, of the general partner, joint venturers or members of Borrower, if any, and Guarantor of the Loan, if any, and all such formation and organizational documents remain in full force and effect and have not been amended or modified since they were delivered to Bondowner Representative. Borrower shall immediately provide Bondowner Representative with copies of any amendments or modifications of the formation or organizational documents.

(e) **Authorization.** All partnership actions on the part of Borrower or all corporate, limited liability company and/or partnership actions on behalf of the General Partner necessary for the authorization, execution, delivery and performance of this Loan Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith, has been duly taken and is in full force and effect. All corporate or limited liability company actions on the part of the General Partner, acting on its own behalf and as Borrower's general partner necessary for the authorization, execution, delivery and performance of this Loan Agreement, the other Loan Documents or any other document executed in connection herewith or therewith to which it or Borrower is a party has been duly taken and is in full force and effect. In addition, each authorized officer or partner executing this Loan Agreement, the other Loan Documents or any other document executed in connection herewith or therewith, is (as of the date of such execution) duly and properly in office and fully authorized to execute and deliver the same on behalf of the General Partner, acting on its own behalf and as Borrower's general partner.

(f) **Binding Obligations.** This Loan Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith to which either Borrower or the General Partner is a party have been duly executed and delivered and are the legal, valid and binding obligations of Borrower and General Partner (as the case may be), enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditor's rights generally and by general principles of equity.

(g) **No Violation.** Borrower's and General Partner's execution, delivery, and performance under the Loan Documents do not: (i) require any consent or approval not heretofore obtained under any partnership agreement, operating agreement, articles of incorporation, bylaws or other document; (ii) violate any governmental requirement applicable to the Property and Improvements or any other statute, law, regulation or ordinance or any order or ruling of any court or governmental entity; (iii) conflict with, or constitute a breach or default of, or permit the acceleration of obligations under any agreement, contract, lease, or other document by which Borrower or General Partner is or the Property and Improvements are bound or regulated; or (iv) violate any statute, law, regulation or ordinance, or any order of any court or governmental entity.

(h) **Compliance With Laws.** Borrower has and at all times shall have obtained all permits, licenses, exemptions, and approvals necessary to construct, occupy, operate and market the Property and Improvements, and shall maintain compliance with

all governmental requirements applicable to the Property and Improvements and all other applicable statutes, laws, regulations and ordinances necessary for the transaction of its business, including without limitation all laws and regulations with respect to the creation, continued effectiveness and availability of LIHTCs. The Property is a legal parcel lawfully created in full compliance with all subdivision laws and ordinances. Borrower and General Partner are in compliance in all material respects with all applicable laws, rules, regulations and ordinances.

(i) ***Litigation.*** Except as disclosed to Bondowner Representative and Issuer in writing, there is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower or any General Partner, after reasonable investigation, threatened, against or affecting the Borrower or any General Partner or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of the Loan Documents or upon the financial condition, assets, properties or operations of the Borrower or any General Partner and the Borrower or any General Partner is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Documents, or the financial condition, assets, properties or operations of the Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower or any General Partner have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower or any General Partner in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower or any General Partner enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(j) ***Financial Condition.*** All financial statements and information heretofore and hereafter delivered to Bondowner Representative by Borrower, including, without limitation, information relating to the financial condition of Borrower, the Property, the Improvements, the partners, joint venturers or members of Borrower, and/or any Guarantor, fairly and accurately represent the financial condition of the subject thereof as of the date hereof and have been prepared (except as noted therein) in accordance with generally accepted accounting principles consistently applied. Borrower acknowledges and agrees that Bondowner Representative may request and obtain additional information from third parties regarding any of the above, including, without limitation, credit reports.

(k) ***No Material Misrepresentation.*** No written information, exhibit or report furnished to the Issuer or the Bondowner Representative by the Borrower in connection with the negotiation of the Loan Documents contains any untrue statement of a material fact as of the date made or omits to state a material fact required to be stated therein or

necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) ***No Material Adverse Change.*** There has been no material adverse change in the financial condition of Borrower and/or any Guarantor since the dates of the latest financial statements furnished to Bondowner Representative and, except as otherwise disclosed to Bondowner Representative in writing, Borrower has not entered into any material transaction which is not disclosed in such financial statements.

(m) ***Loan Proceeds and Adequacy.*** The undisbursed Loan proceeds, together with Borrower's Funds, the Subordinate Loans, the Capital Contributions and all other sums, if any, to be provided by Borrower as shown in Exhibit C, are sufficient to acquire and construct the Improvements in accordance with the terms and conditions of this Loan Agreement.

(n) ***Accuracy.*** All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative by Borrower concerning the Loan or security for the Loan or required by the Loan Documents are accurate, correct and sufficiently complete to give Bondowner Representative true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission.

(o) ***Tax Liability.*** Borrower and General Partner have filed all required federal, state, county and municipal tax returns and has paid all taxes and assessments owed and payable, and Borrower has no knowledge of any basis for any additional payment with respect to any such taxes and assessments.

(p) ***Utilities.*** All utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the construction and occupancy of the Property and Improvements are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Improvements. Borrower shall pay when due all utility assessments and charges for gas, electricity, fuel, water, steam, sewer, drainage, refuse disposal, telephone and other services furnished to or for the benefit of the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any portion thereof, whether or not such assessments or charges are liens on the Property.

(q) ***Compliance.*** Borrower is familiar with and in compliance with all governmental requirements for the construction of the Improvements and will conform to and comply with all governmental requirements and the Plans and Specifications.

(r) ***Americans With Disabilities Act Compliance.*** The Improvements shall be constructed and completed, and thereafter maintained, in strict accordance and full compliance with any applicable requirements of the Americans with Disabilities Act, of July 26, 1990, Pub. L. No. 101 336, 104 Stat. 327, 42 U.S.C. § 12101, et seq., as amended from time to time. Borrower shall be responsible for all ADA compliance costs.

(s) **LIHTC.** Borrower has received a Tax-Exempt Reservation Letter dated June 13, 2018 (the “Preliminary Reservation Letter”), and Borrower is entitled to a LIHTC allocation for the Improvements from TCAC. The LIHTC allocation as set forth in said Preliminary Reservation Letter is for Federal LIHTCs in the minimum amount of \$1,184,781.00 annually for each of 10 years and for State LIHTCs in the minimum amount of \$4,619,445.00 to be taken over a four-year period. Borrower shall completely and in a timely manner perform all actions and meet all requirements to maintain and perfect the reservations and LIHTC allocation, including, without limitation, timely furnishing to the TCAC of all of the items required to be furnished to it no later than such date as required by TCAC in order to prevent the expiration of the reservation and allocation. If Bondowner Representative determines, in its sole and absolute discretion, that Borrower will not meet the TCAC requirements as set forth in the Preliminary Reservation Letter, Borrower hereby agrees to reapply for the next available allocation of LIHTCs within all timelines and requirements as established by TCAC. Failure to do so is a Default pursuant to Section 13.01 herein. Borrower shall submit to Bondowner Representative, immediately upon receipt, until the Loan has been paid in full, a copy of all written communication to or from TCAC or any other governmental authority relating to the Improvements or the LIHTC. Borrower has delivered to Bondowner Representative copies of any Annual Owner Certification or Final Cost Certification prepared by Borrower for TCAC (and, if an audit thereof uncovers deficiencies, any evidence provided to TCAC of the cure of such deficiencies), and any other reporting Borrower provides to TCAC in connection with compliance with the Requirements and Internal Revenue Forms 8586 and 8609, to the extent issued.

(t) **Business Loan.** The Loan is a business loan transaction in the stated amount solely for the purpose of carrying on the business of Borrower and none of the proceeds of the Loan will be used for the personal, family or agricultural purposes of Borrower.

(u) **Capital Contributions.** The Investor Limited Partner will be required to make Capital Contributions to the Partnership in exchange for Investor Limited Partner’s limited partnership interest in the Partnership and, subject to the terms and conditions of the Partnership Agreement, Investor Limited Partner is obligated to make aggregate Capital Contributions of \$_____.00 with [TO BE UPDATED: (i) the Initial Capital Contribution in the amount of not less than \$_____.00 (the “Initial Capital Contribution”) on or before the Closing Date, (ii) a second Capital Contribution in the amount of not less than \$_____.00 (the “Second Capital Contribution”) upon satisfaction of the conditions contained in Schedule B to the Partnership Agreement, (iii) a third Capital Contribution in the amount of not less than \$_____.00 (the “Third Capital Contribution”) upon satisfaction of the conditions contained in Schedule C to the Partnership Agreement, (iv) a fourth Capital Contribution in the amount of not less than \$_____.00 (the “Fourth Capital Contribution”) upon satisfaction of the conditions contained in Schedule D to the Partnership Agreement, and (v) a fifth Capital Contribution in the amount of not less than \$_____.00 (the “Fifth Capital Contribution”) upon satisfaction of the conditions contained in Schedule E to the Partnership Agreement, upon satisfaction of the conditions contained in Schedule F to the Partnership Agreement.]]

(v) ***Tax Shelter Regulations.*** Neither Borrower, any Guarantor, nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Loan Agreement and the other Loan Documents as being a “reportable transaction” (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify Bondowner Representative thereof. If Borrower so notifies Bondowner Representative, Borrower acknowledges that Bondowner Representative may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Bondowner Representative will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

(w) ***Borrower Not A “Foreign Person.”*** Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended from time to time.

(x) ***Full Disclosure.*** This Loan Agreement and the financial information delivered in connection herewith and therewith, and the representations and warranties of Borrower or any member or General Partner herein and in any other document delivered or to be delivered by or on behalf of Borrower or any member or General Partner, do not and will not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances under which they were made, not misleading. To the best knowledge of Borrower, after diligent inquiry and investigation, there is no material fact which Borrower has not disclosed to Bondowner Representative in writing which materially and adversely affect the assets, business, prospects, profits or condition (financial or otherwise) of Borrower, the rights of Bondowner Representative, the ability of Borrower to perform this Loan Agreement and the Loan Documents.

(y) ***Sanctions, Anti-Corruption and Anti-Money Laundering Laws.***

(i) Neither: (i) Borrower, any subsidiary of Borrower, nor, to Borrower's or such subsidiary's knowledge, any of their respective directors, officers, employees or Affiliates; nor (ii) to Borrower's or any such subsidiary's knowledge, any agent or representative of Borrower or any such subsidiary that will act in any capacity in connection with the Loan or that will benefit from the Loan: (A) is a Sanctioned Person; (B) has any assets located in a Sanctioned Country; (C) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons; or (D) has taken any action, directly or indirectly, that violates any Sanctions, Anti-Corruption Laws or Anti-Money Laundering Laws.

(ii) No proceeds of the Loan have been used, directly or indirectly, by Borrower or any subsidiary of Borrower or any of their respective directors, officers, employees, agents or representatives: (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving, of money or anything else of value, to any Person in violation of any Anti-Corruption Laws or

Anti-Money Laundering Laws; (ii) for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person, or of, with or in any Sanctioned Country, including, but not limited to, any payment (directly or indirectly) to a Sanctioned Person or a Sanctioned Country, or that violates any Sanctions applicable to any party hereto.

The provisions of this Section shall prevail and control over any contrary provisions of this Agreement or in any related documents.

(z) ***Bond-Related Representations.***

(i) Other than the Bond, no other obligations have been or are expected to be issued under Section 103 of the Code for sale at substantially the same time as the Bond are sold pursuant to a common plan of marketing and at substantially the same rate of interest as the Bond and which are payable in whole or part by Borrower or otherwise have with the Bond any common or pooled security for the payment of debt service thereon, or which are otherwise treated as the same "issue of obligations" as the Bond as described in Revenue Ruling No. 81 216.

(ii) Borrower is not in the trade or business of selling properties such as the Project and has acquired the Project for investment purposes only or otherwise for use by Borrower in its trade or business. Therefore Borrower has no present intention to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project in the foreseeable future, other than in connection with the purchase option granted to General Partner in the Partnership Documents.

(iii) Borrower has reviewed and approved the provisions of the Indenture.

(iv) To the best of Borrower's knowledge, no member of the governing body of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in Borrower, the Project or the transactions contemplated hereby.

(v) The covenants, representations and warranties of Borrower in the Regulatory Agreement are true and correct in all material respects as of the date hereof and are incorporated herein by reference and made a part of this Loan Agreement.

(vi) Borrower has not entered into the transaction evidenced hereby with the actual intent to hinder, delay or defraud any creditor and Borrower has received reasonably equivalent value in exchange for its obligations hereunder and under the Deed of Trust and the Regulatory Agreement.

(vii) Borrower has no known material contingent liabilities.

(viii) Borrower has no material financial obligation under any Indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Project are otherwise bound, other than (a) obligations under this Loan Agreement and the other Loan Documents to which Borrower is a party; (b) the Subordinate Loans; and (c) obligations which may be incurred by Borrower from time to time in the ordinary course of business.

(ix) Borrower has not borrowed or received other debt financing that has not been heretofore repaid in full, except for the Subordinate Loans.

(x) Borrower is not (a) an “investment company” or a company “controlled by an investment company” within the meaning of the Investment Company Act of 1940, as amended; (b) 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 (c) subject to any other federal or state law or regulation which purports to restrict its ability to borrow money other than Article 15 of the California State Constitution.

(xi) Except as disclosed in the Title Policy, there are no pending or, to the knowledge of Borrower, proposed special or other assessments for public improvements affecting the Project, nor, to the knowledge of Borrower, are there any contemplated improvements to the Property that may result in such special or other assessments.

(xii) No statement of fact made by Borrower herein or in the Loan Documents to which Borrower is a party contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made by Borrower herein or therein not materially misleading. There is no fact presently known to Borrower which has not been disclosed which materially adversely affects or, to the best of Borrower’s knowledge, would materially adversely affect the business, operations or conditions (financial or otherwise) of Borrower.

(xiii) All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative or Issuer by Borrower concerning the Loan or required by the Loan Documents are (or, in the case of materials prepared by persons other than Borrower or its members or general partner, are to the best of Borrower’s knowledge) accurate, correct and sufficiently complete to give Bondowner Representative or Issuer, as applicable, true and accurate knowledge of their subject matter.

(xiv) Borrower owns directly, and not through any affiliated entity, all of the personal property and fixtures necessary for the operation of the Property for the uses presently being conducted thereon.

(xv) Before any Guarantor became obligated in connection with the Loan, Borrower made full disclosure to such Guarantor regarding Borrower's financial condition and business operations, the present and former condition, uses and ownership of the Property and all other circumstances bearing upon Borrower's ability to pay and perform its obligations under the Loan Documents.

(xvi) Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which Borrower is a party or of which it is a beneficiary, including the Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Documents and the Indenture or otherwise relied on the Issuer for any advice.

(aa) ***Representations and Warranties of Borrower Related to Certain Tax Matters.*** Borrower further represents and warrants that:

(i) as of the Effective Date, Borrower is in compliance with all requirements of the Tax Certificate, and the representations set forth in the Tax Certificate pertaining to Borrower and the Project are true and accurate;

(ii) the Bond is not "federally guaranteed" as defined in Section 149(b) of the Code;

(iii) in accordance with Section 147(b) of the Code, the weighted average maturity of the Bond does not exceed 120% of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the proceeds of the Bond, determined as of the later of the date the Bond is issued or the date the facilities are expected to be placed in service;

(iv) neither Borrower nor, to the best knowledge of Borrower, any "related person" to Borrower (within the meaning of Section 147(a)(2) of the Code), will purchase the Bond pursuant to any arrangement, formal or informal;

(v) the information furnished by Borrower and used by the Issuer in preparing the certificate pursuant to Section 148 of the Code and information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bond;

(vi) the acquisition and construction of the Project were not commenced prior to the sixtieth day preceding the Issuer's expression of intent with respect to the Project on [REDACTED], and no obligation for which reimbursement will be sought from proceeds of the Bond relating to the construction or equipping of the Project was paid or incurred prior to 60 days prior to such date;

(vii) the Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable on the Closing Date and the representations and warranties of Borrower in the Regulatory Agreement are true and correct;

(viii) Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Law, the Act and the Code, and pursuant to leases which comply with all applicable laws; and

(ix) no money on deposit in any fund or account in connection with the Bond, whether or not such money was derived from other sources, will be used by or under the direction of Borrower in a manner which would cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 8.03. Tax Exemption; Regulatory Agreement. Borrower (and with respect to Section 8.03(a), (b) and (c), the Issuer) hereby covenants, represents and agrees as follows:

(a) not to knowingly take or omit to take any action with respect to this Loan Agreement (with respect to the Issuer) and not to take or omit to take any action with respect to this Loan Agreement or the Project (solely with respect to Borrower) that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bond (so long as such Bond is not owned by a person or entity which is a “substantial user” of the Property or a “related person” thereto);

(b) to take such action or actions, including amendment of the Regulatory Agreement, to the extent deemed necessary in the opinion of Bond Counsel, to preserve or perfect the exclusion of interest on the Bond from gross income for federal income tax purposes;

(c) at the expense of Borrower, to file of record such documents and take such other steps as are necessary in order to insure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Regulatory Agreement in the real property records of Los Angeles County, California;

(d) to notify any subsequent owner of the Project of the requirements and restrictions contained in the Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement; and

(e) to provide to the Issuer notice of any action (other than actions in its ordinary course of business) which impacts the Issuer’s rights hereunder or under the Regulatory Agreement.

Section 8.04. Representations of Borrower as Single Purpose Entity.

(a) Borrower covenants and agrees that it shall not:

(i) (A) except for the Subordinate Loans or any Swap Agreement between Borrower and Bondowner Representative, incur, create or assume any indebtedness for borrowed money except indebtedness represented by an invoice, statement of account, check, work request, purchase order or other similar document representing expenses relating to activities of Borrower undertaken in accordance with its formation documents or (B) transfer or lease the Project or any interest therein, except as permitted under Section 5.12 of the Deed of Trust;

(ii) engage, directly or indirectly, in any business other than that arising out of or entering into this Loan Agreement and the other Loan Documents to which Borrower is a party and the ownership, management, leasing, construction, development, operation and maintenance of the Project;

(iii) commingle its assets with the assets of any other entity;

(iv) partition the Property except as expressly permitted under the Deed of Trust; or

(v) voluntarily file or consent to the filing of a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, without the unanimous consent of its partners.

Borrower represents and warrants that as the date hereof it does not have any indebtedness or obligations which would cause it to be in violation of the foregoing covenants.

Further, Borrower covenants that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger or asset sale; will not materially modify its Partnership Agreement without the prior written consent of Bondowner Representative (it being understood that Bondowner Representative's consent may be granted or withheld as to transfers of partnership interests in a manner consistent with this Loan Agreement and Section 5.12 of the Deed of Trust, may be withheld as to any amendment which reduces the obligations of the partners to contribute funds to Borrower below amounts necessary to maintain the Financial Requirements Analysis "in balance", and shall not otherwise be unreasonably withheld); will pay all expenses of the Project from assets of Borrower; will maintain separate books and records and bank accounts; will at all times hold itself out to the public as a separate and distinct legal entity (including in its leasing activities, in entering into any contract and in preparing its financial statements); will file its own tax returns; and will cause its management to meet regularly to carry on its business.

(b) Borrower shall do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State and its right to own property or transact business in the State. Borrower further represents and warrants

that it is, and, so long as any portion of the Loan shall remain unpaid, shall do all things necessary to continue to be, an entity which is formed or organized solely for the purpose of holding, directly, an ownership interest in the Project, does not engage in any business unrelated to such properties and the financing thereof, does not have any assets other than those related to its interest in the properties or the financing thereof or any indebtedness other than the Loan and the Subordinate Loans, and as permitted by the Deed of Trust or the other Loan Documents, has its own separate books and records and its own accounts, in each case which are separate and apart from the books and records and accounts of any other entity and will maintain the same as official records, holds itself out as being an entity, separate and apart from any other entity and will conduct its business in its own name.

(c) Borrower will not fail to correct any known misunderstanding regarding the separate identity of Borrower.

(d) Borrower will not assume or guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of any other entity; will allocate fairly and reasonably any overhead for shared office space; will not pledge its assets for the benefit of any other person or entity; will not make loans to any person or entity; will not enter into or be a party to any transaction with its partners or affiliates except (i) pursuant to its Partnership Documents as they exist as of the date of this Loan Agreement; (ii) in the ordinary course of business and on terms which are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party; or (iii) in connection with the LAHCID HHH Loan, the LAHCID CDBG Loan, the LACDC Loan, the CWH Loan, the CalHFA Loan, or the AHP Loan.

(e) Any firm, corporation or partnership which can make the representations and warranties and satisfy the covenants set forth in this Section 8.04 shall constitute a "Single Purpose Entity."

ARTICLE IX

HAZARDOUS MATERIALS

Section 9.01. Special Representations and Warranties. Without in any way limiting the other representations and warranties set forth in this Loan Agreement, and after reasonable investigation and inquiry, Borrower hereby specially represents and warrants to the best of Borrower's knowledge as of the date of this Loan Agreement as follows:

(a) ***Hazardous Materials.*** Except as previously disclosed to Bondowner Representative [CONFIRM/UPDATE REPORTS; ARE ANY OF THESE APPLICABLE TO SENIORS PROPERTY? (i) that certain Phase I Environmental Site Assessment dated April 2018, prepared by California Environmental for Thomas Safran & Associates, Inc., a California corporation ("TSA"); (ii) that certain Environmental Site Assessment Phase I and Limited Subsurface Assessment, Commercial Property, APNs 5532-021-029 & 5532-021-026, 1116 & 1118 N. McCadden Place, 6725 Santa Monica

Boulevard, Los Angeles, California 90038 dated March 2017, revised April 27, 2017 and updated December, 2017; (iii) that certain Subsurface Site Assessment – Phase II dated November 2013, prepared by California Environmental for TSA; and (iv) that certain Environmental Site Assessment Update Commercial Property, APNs 5531-021-029 & 5532-021-013, 1116 & 1119 N. McCadden Place, 6725 Santa Monica Boulevard, Los Angeles, California 90038 dated July 2016, prepared by California Environmental for TSA, the Property and Improvements are not and have not been a site for the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation or presence of any oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are “hazardous substances,” “hazardous wastes,” “hazardous materials,” “toxic substances,” “wastes,” “regulated substances,” “industrial solid wastes,” or “pollutants” under the Hazardous Materials Laws, as described below, and/or other applicable environmental laws, ordinances and regulations (collectively, the “Hazardous Materials”). “Hazardous Materials” shall not include commercially reasonable amounts of such materials used in the ordinary course of construction and/or operation of the Property which are used and stored in accordance with all applicable environmental laws, ordinances and regulations.

(b) ***Hazardous Materials Laws.*** The Property and Improvements are in compliance with all laws, ordinances and regulations relating to Hazardous Materials (“Hazardous Materials Laws”), including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, “CERCLA”), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

(c) ***Hazardous Materials Claims.*** There are no claims or actions (“Hazardous Materials Claims”) pending or threatened against Borrower, the Property or Improvements by any governmental entity or agency or by any other person or entity relating to Hazardous Materials or pursuant to the Hazardous Materials Laws.

Section 9.02. Intentionally Omitted.

Section 9.03. Hazardous Materials Covenants. Borrower agrees as follows:

(a) ***No Hazardous Activities.*** Borrower shall not cause or permit the Property or Improvements to be used as a site for the use, generation, manufacture, storage,

treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(b) **Compliance.** Borrower shall comply and cause the Property and Improvements to comply with all Hazardous Materials Laws.

(c) **Notices.** Borrower shall immediately notify Bondowner Representative in writing of: (i) the discovery of any Hazardous Materials on, under or about the Property and Improvements; (ii) any knowledge by Borrower that the Property and Improvements do not comply with any Hazardous Materials Laws; and (iii) any Hazardous Materials Claims.

(d) **Remedial Action.** In response to the presence of any Hazardous Materials on, under or about the Property or Improvements, Borrower shall immediately take, at Borrower's sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claims.

Section 9.04. Inspection by Bondowner Representative. Upon reasonable prior notice to Borrower, Bondowner Representative, its employees and agents, may from time to time (whether before or after the commencement of a nonjudicial or judicial foreclosure proceeding) enter and inspect the Property and Improvements for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of any Hazardous Materials into, onto, beneath or from the Property and Improvements.

Section 9.05. Hazardous Materials Indemnity. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER, BOND TRUSTEE AND BONDOWNER REPRESENTATIVE, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES), WHICH ISSUER OR BONDOWNER REPRESENTATIVE MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF THE USE, GENERATION, MANUFACTURE, STORAGE, DISPOSAL, THREATENED DISPOSAL, TRANSPORTATION OR PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR ABOUT THE PROPERTY OR IMPROVEMENTS, EXCEPT AS TO THE BONDOWNER REPRESENTATIVE AND BOND TRUSTEE, THOSE ARISING FROM BONDOWNER REPRESENTATIVE'S OR BOND TRUSTEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND AS TO THE ISSUER, ARISING FROM THE ISSUER'S ACTIVE NEGLIGENCE OR WILLFUL MISCONDUCT. BORROWER SHALL IMMEDIATELY PAY TO ISSUER AND BONDOWNER REPRESENTATIVE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE SHALL SURVIVE THE

CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

Section 9.06. Legal Effect of Section. Borrower and Bondowner Representative agree that: (a) this Article IX is intended as Bondowner Representative's written request for information (and Borrower's response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure §726.5; and (b) each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by Issuer, Bondowner Representative and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure §736, and as such it is expressly understood that Borrower's duty to indemnify Issuer and Bondowner Representative hereunder shall survive: (i) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof; (ii) the release and reconveyance or cancellation of the Deed of Trust; and (iii) the satisfaction of all of Borrower's obligations under the Loan Documents.

ARTICLE X

SET ASIDE LETTERS

Section 10.01. Set Aside Letters. If, at Borrower's request, Bondowner Representative issues any letter or letters ("Set Aside Letter") to any governmental agency ("Obligee") or bonding company ("Surety") whereby Bondowner Representative agrees to allocate Loan proceeds for the construction of off-site, common area, or other improvements required by any governmental agency or for which bonds may be required ("Bonded Work") in connection with the development of the Property, Borrower represents, warrants, covenants and agrees as follows:

- (a) The sum which Borrower requests Bondowner Representative to allocate for the Bonded Work shall be sufficient to pay for the construction and completion cost of the Bonded Work in accordance with any agreement between Borrower and Obligor and a copy of such agreement shall be furnished to Bondowner Representative by Borrower prior to and as a condition precedent to the issuance by Bondowner Representative of any Set Aside Letter;
- (b) Bondowner Representative is irrevocably and unconditionally authorized to disburse to the Obligor or Surety all or any portion of said allocated Loan proceeds upon a demand of such Surety or Obligor made in accordance with the terms and conditions of the Set Aside Letter;
- (c) Any disbursements or payments which Bondowner Representative makes or may be obligated to make under any Set Aside Letter, whether made directly to the Surety, Obligor, or to others for completion of all or part of the Bonded Work, shall be deemed a disbursement under this Loan Agreement to or for the benefit or account of Borrower;

(d) BORROWER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER, BOND TRUSTEE AND BONDOWNER REPRESENTATIVE FROM ANY CLAIM, DEMAND, CAUSE OF ACTION, DAMAGE, LOSS OR LIABILITY, INCLUDING, WITHOUT LIMITATION, ANY COURT COSTS AND REASONABLE ATTORNEYS' FEES AND EXPENSES, EXCEPT, AS TO THE BONDOWNER REPRESENTATIVE AND BOND TRUSTEE, AS ARISING FROM BONDOWNER REPRESENTATIVE'S OR BOND TRUSTEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AND AS TO THE ISSUER, ARISING FROM THE ISSUER'S ACTIVE NEGLIGENCE OR WILLFUL MISCONDUCT, WHICH ISSUER, BOND TRUSTEE OR BONDOWNER REPRESENTATIVE MAY SUFFER OR INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF ITS ISSUANCE OF OR COMPLIANCE WITH ANY REQUESTED SET ASIDE LETTER. BORROWER SHALL PAY ANY INDEBTEDNESS ARISING UNDER THIS INDEMNITY TO ISSUER, BOND TRUSTEE AND BONDOWNER REPRESENTATIVE IMMEDIATELY UPON DEMAND OF ISSUER, BOND TRUSTEE AND/OR BONDOWNER REPRESENTATIVE, AS APPLICABLE. BORROWER'S DUTY TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER, BOND TRUSTEE AND BONDOWNER REPRESENTATIVE HEREUNDER SHALL SURVIVE THE RELEASE AND CANCELLATION OF THE NOTE AND THE FULL OR PARTIAL RELEASE OR RECONVEYANCE OF THE DEED OF TRUST OR OTHER LOAN DOCUMENTS;

(e) Bondowner Representative shall have no obligation to release any collateral or security under the Loan Documents unless and until Bondowner Representative has received a full and final written release of its obligations under each Set Aside Letter; and

(f) The fee for issuing each Set Aside Letter hereunder shall be 1.50% per annum of the Set Aside Letter amount.

ARTICLE XI

COVENANTS OF BORROWER

Section 11.01. Compliance With Covenants. So long as this Loan Agreement continues in effect, and until the full and final repayment of the Loan and all indebtedness of Borrower to Issuer and Bondowner Representative, Borrower shall keep each of the covenants set forth below, elsewhere herein, in the Loan Documents, in the Hazardous Materials Indemnity Agreement (Unsecured), in the Indenture, in the Regulatory Agreement, and in the documents relating to the LIHTC. Borrower shall comply with all existing and future laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial or legal authorities having jurisdiction over the Property, including those pertaining to the sale, leasing or financing of the Property, and with all covenants and restrictions, whether recorded or not, affecting the Property and all other Requirements.

Section 11.02. Expenses. Borrower shall immediately pay Bondowner Representative, Issuer and/or Bond Trustee upon demand all costs and expenses incurred by Bondowner

Representative, Issuer or Bond Trustee in connection with: (a) the preparation of this Loan Agreement, all other Loan Documents, and Other Related Documents contemplated hereby; (b) the administration of this Loan Agreement, the Indenture, the other Loan Documents and Other Related Documents for the term of the Loan; (c) the enforcement or satisfaction by Bondowner Representative of any of Borrower's obligations under this Loan Agreement, the other Loan Documents, the Indenture, or the Other Related Documents and (d) any revisions, extensions, renewals, refinancings, additional disbursements or "workouts" of the Loan, and in the exercise of any of Bondowner Representative's rights or remedies under this Loan Agreement. For all purposes of this Loan Agreement, Bondowner Representative's costs and expenses shall include, without limitation, all recording and escrow charges, appraisal fees, mortgage taxes, cost engineering and inspection fees, legal fees and expenses, administration/documentation expenses (including without limitation photocopying, postage, telephone, messenger, fax, private express mail, etc.), accounting fees, environmental consultant fees, auditor fees, UCC filing fees and UCC vendor fees, flood certification vendor fees, tax service vendor fees and the cost to Bondowner Representative of any recording and filing fees, escrow fees, title insurance premiums, title surveys, survey invoices, legal fees, appraisal and inspection fees, reconveyance and notary fees. Borrower recognizes and agrees that formal written appraisals of the Property and Improvements by a licensed independent appraiser may be required by Bondowner Representative's internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Bondowner Representative may, at its option, require inspection of the Property and Improvements by an independent supervising architect and/or cost engineering specialist: (i) prior to each advance; (ii) at least once each month during the course of construction even though no disbursement is to be made for that month; (iii) upon completion of the Improvements; and (iv) at least semi-annually thereafter. At its option, Bondowner Representative may make disbursements from the Loan to cover any expenses or charges which are to be borne by Borrower, including, but not limited to, the cost of any required inspections and/or certifications. If any of the services described above are provided by an employee of Bondowner Representative or Bond Trustee, Bondowner Representative or Bond Trustee's costs and expenses for such services shall be calculated in accordance with Bondowner Representative or Bond Trustee's standard charge for such services.

Section 11.03. ERISA Compliance. Borrower shall at all times comply with the provisions of ERISA with respect to any retirement or other employee benefit plan to which it is a party as employer, and as soon as possible after Borrower knows, or has reason to know, that any Reportable Event (as defined in ERISA) with respect to any such plan of Borrower has occurred, it shall furnish to Bondowner Representative a written statement setting forth details as to such Reportable Event and the action, if any, which Borrower proposes to take with respect thereto, together with a copy of the notice of such Reportable Event furnished to the Pension Benefit Guaranty Corporation.

Section 11.04. Tax Credit Investment. Pursuant to the terms and conditions of the Partnership Agreement, Investor Limited Partner has purchased a limited partnership interest in the Partnership in exchange for making the Capital Contributions to the Partnership. The Partnership shall: (a) timely satisfy its obligations, and cause General Partner to satisfy its obligations, for the funding of the Capital Contributions; (b) not commit any breach or default under the Partnership Agreement; (c) maintain the Partnership Agreement in full force and effect until all sums owing to Bondowner Representative with respect to the Loan have been paid;

(d) not consent to any termination, amendment or modification of the Partnership Agreement without Bondowner Representative's prior written consent or as otherwise permitted under the terms of the Loan Agreement; and (e) not use any of the proceeds of the Capital Contribution for any purpose other than as contemplated by the Financial Requirements Analysis until Conversion has occurred.

Section 11.05. Other Investment in Borrower. Any investments in or contributions to Borrower (other than the Capital Contributions) required to be made by any shareholder, general partner or limited partner, as the case may be, shall be made at the times and on the terms and conditions set forth in any documents or agreements so providing as such documents or agreements exist as of the Effective Date.

Section 11.06. Tax Exemption. Borrower shall, when eligible to do so, take all action necessary to qualify for, and obtain and maintain the maximum exemption from all general property taxes for the property under the California Revenue and Taxation Code Section 214(g). In addition, Borrower shall take, or cause the Managing General Partner to take, all actions necessary to obtain and maintain the Managing General Partner's sole member's tax-exempt status pursuant to Section 501(c)(3) of the Code.

Section 11.07. Proceeds of the Capital Contributions. Other than the Initial Capital Contribution and until Conversion, none of the proceeds of the Capital Contributions shall be used for any purpose other than for payment of the Bond or payment of Project Costs in accordance with the Financial Requirements Analysis until all sums owing to Bondowner Representative under the Loan Documents have been paid in full, unless Bondowner Representative consents in writing to such other use. Further, Borrower covenants and agrees that Borrower will comply and cause its General Partner to comply with all obligations and requirements under its Partnership Documents necessary to cause the Investor Limited Partner to timely fund all Capital Contributions to Borrower for payment of the Bond until all sums owing to Bondowner Representative under the Loan Documents have been paid in full. After the Closing Date until Conversion, on or before the dates set forth in Section 8.02(u) for funding of Capital Contribution installments by Investor Limited Partner, Borrower shall pay and deliver to Bond Trustee or direct Investor Limited Partner to pay such Capital Contribution installments directly to Bond Trustee to repay, in part, the Loan and to redeem the Bond except as otherwise permitted by Bondowner Representative for application to Project Costs or otherwise.

Section 11.08. Leasing. After completion of the construction of the Improvements, Borrower agrees to use commercially reasonable efforts to lease 100% of the Improvements to tenants and such leases will be at rental rates consistent with the low income requirements of TCAC and any Restrictions, with one manager's unit permitted.

Section 11.09. Approval of Leases. All leases and renewals of leases of all or any part of the Property and Improvements entered into after the Effective Date shall be upon terms consistent with the Approved Form. All standard lease forms, and any material deviation from the Approved Form shall be approved by Bondowner Representative, and if required pursuant to the Partnership Documents, by Investor Limited Partner, in writing prior to execution of any such lease. All residential leases (on the Approved Form), and other leases or residency agreements entered into by Borrower, and all indebtedness arising thereunder or secured thereby,

shall contain a provision stating that such leases and such tenants' rights thereunder are unconditionally junior and subordinate to the Regulatory Agreement, the Deed of Trust and the Loan Documents, and all indebtedness arising thereunder or secured thereby.

Section 11.10. Income To Be Applied to Debt Service. Borrower shall first apply all income from leases, and all other income derived from the Property, to pay costs and expenses associated with the ownership, maintenance, development, operation, and marketing of the Property and the Improvements, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose. Prior to Conversion, (a) all Net Monthly Cash Income shall be used first to pay monthly interest payments coming due under the Loan except as otherwise provided in the Loan Documents, and (b) except as may be otherwise permitted herein, Borrower may not distribute any income to any of its members, partners, or shareholders, allow any member, partner, or shareholder to withdraw capital or make any payments on indebtedness owed to any member, partner, or shareholder. After the Conversion Date, Borrower may not distribute any income to any of its members, partners, or shareholders, allow any member, partner, or shareholder to withdraw capital, or make any payments on indebtedness owed to any member, partner, or shareholder, unless all property expenses then due have been paid in full.

Section 11.11. Subdivision Maps. Prior to recording any final map, plat, parcel map, lot line adjustment or other subdivision map of any kind covering any portion of the Property (collectively, "Subdivision Map"), Borrower shall submit such Subdivision Map to Bondowner Representative for Bondowner Representative's review and approval, which approval shall not be unreasonably withheld. Within 10 Business Days after Bondowner Representative's receipt of such Subdivision Map, Bondowner Representative shall provide Borrower written notice if Bondowner Representative disapproves of said Subdivision Map. Bondowner Representative shall be deemed to have approved the Subdivision Map if such notice is not provided to Borrower. Within five Business Days after Bondowner Representative's request, Borrower shall execute, acknowledge and deliver to Bondowner Representative such amendments to the Loan Documents as Bondowner Representative may reasonably require to reflect the change in the legal description of the Property resulting from the recordation of any Subdivision Map. In connection with and promptly after the recordation of any amendment or other modification to the Deed of Trust recorded in connection with such amendments, Borrower shall deliver to Bondowner Representative, at Borrower's sole expense, a title endorsement to the Title Policy in form and substance satisfactory to Bondowner Representative insuring the continued first priority lien of the Deed of Trust, subject only to prior encumbrances approved in writing by Bondowner Representative. Subject to the execution and delivery by Borrower of any documents required under this Section, Bondowner Representative shall, if required by applicable law, sign any Subdivision Map approved, or deemed to be approved, by Bondowner Representative pursuant to this Section.

Section 11.12. Opinion of Legal Counsel. Borrower shall provide, at Borrower's expense, on the Closing Date and (if requested by CCRC) on the Conversion Date an opinion of legal counsel in form and content satisfactory to Bondowner Representative which opinion shall be transferable and shall state that Bond Trustee's successors and assigns as holder of the Note and Bondowner Representative's successors and assigns with regard to its interests under the Loan Documents are permitted to rely on the opinion, to the effect that: (a) upon due

authorization, execution and recordation or filing as may be specified in the opinion, each of the Loan Documents shall be legal, valid and binding instruments, enforceable against the makers thereof in accordance with their respective terms; (b) Borrower is duly formed and has all requisite authority to enter into the Loan Documents; and (c) such other matters, incident to the transactions contemplated hereby, as Bondowner Representative may reasonably require.

Section 11.13. Further Assurances. Upon Bondowner Representative's request and at Borrower's sole cost and expense, Borrower shall execute, acknowledge and deliver any other instruments and perform any other acts necessary, desirable or proper, as determined by Bondowner Representative, to carry out the purposes of this Loan Agreement and the other Loan Documents or to perfect and preserve any liens created by the Loan Documents.

Section 11.14. Assignment. Without the prior written consent of Bondowner Representative, Borrower shall not assign Borrower's interest under any of the Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void. In this regard, Borrower acknowledges that Bondowner Representative would not make this Loan except in reliance on Borrower's expertise, reputation, prior experience in developing and constructing commercial real property, Bondowner Representative's knowledge of Borrower, and Bondowner Representative's understanding that this Loan Agreement is more in the nature of an agreement involving personal services than a standard loan where Bondowner Representative would rely on security which already exists. Bondowner Representative shall not unreasonably withhold its consent to a transfer to the General Partner pursuant to the purchase option and right of first refusal to be granted to the General Partner in the Partnership Agreement.

Section 11.15. Compliance With Laws. Borrower shall comply with all laws and requirements of Governmental Authorities and all rights of third parties, relating to the Property or Borrower's business or other properties, and deliver to Bondowner Representative from time to time, within 10 days of Bondowner Representative's request therefor, evidence satisfactory to Bondowner Representative that Borrower has complied with any such law, requirement or right.

Section 11.16. Maintenance and Security for Project. Borrower shall maintain the Project in good condition and repair subject to reasonable wear and tear (such condition and repair to be consistent with that of competing properties), take all measures reasonably required by Bondowner Representative to protect the physical security of the Project, and not permit any waste or damage with respect to the Project.

Section 11.17. Notice of Certain Matters. Borrower shall give notice to Bondowner Representative and the Issuer, within seven days of Borrower's actual knowledge thereof, of each of the following:

- (a) any litigation or claim of any kind affecting or relating to Borrower or to Guarantor until the Conversion Date, and involving an amount in excess of \$50,000, and any litigation or claim of any kind that might subject Borrower to liability in excess of \$50,000, whether covered by insurance or not;

(b) any aspect of the Project that is not in conformity with the Plans and Specifications in a material respect;

(c) the creation or imposition of any mechanic's lien, materialmen's lien or other lien against the Project unless Borrower shall post statutory bonds or other security satisfactory to Bondowner Representative sufficient to cause the removal of such lien;

(d) the occurrence of any default that remains uncured beyond any applicable notice and cure period by Borrower or any other party under any Project Agreement, or the receipt by Borrower of any notice of default under any Project Agreement;

(e) the occurrence of any dispute between Borrower and any Governmental Authority relating to the Project, the adverse determination of which might materially affect the Project;

(f) the occurrence of any threat or commencement of proceedings in condemnation or eminent domain relating to Borrower's ownership of the Project;

(g) the use of any trade name hereafter used by Borrower in connection with the Project, other than the use of the trade name "McCadden Plaza Youth Housing Apartments";

(h) any change in Borrower's principal place of business;

(i) the occurrence of any Default or event which, with the giving of notice or the passage of time or both, would constitute a Default;

(j) the occurrence of any other event or condition causing a material adverse change in the financial condition or operations of Borrower, or in the physical condition of the Property; and

(k) any communication, whether written or oral, that Borrower may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that the Property fails in any material respect to comply with any of the Requirements or any applicable governmental law.

Section 11.18. Liens on Property. Borrower shall not cause or suffer to become effective any lien, restriction or other title limitation affecting any part of the Property other than mechanics' liens permitted pursuant to Section 4.02(i), the Regulatory Agreement, the Deed of Trust, the Permitted Restrictions, deeds of trust related to the Subordinate Loans, and, at and following Conversion, the TCAC Regulatory Agreement and any other liens or encumbrances previously approved by Bondowner Representative in writing and the inchoate liens securing the payment of taxes and assessments not delinquent. Borrower acknowledges that, with any project of the magnitude of the Project, modifications of the Plans and Specifications and Loan Documents may be necessary from time to time and that the existence of junior lienholders, who would be required to consent to such modifications in order to protect the priority of the lien of the Deed of Trust, could impair the expeditious completion of the Project, to the detriment of all parties.

Section 11.19. Prohibition of Transfer.

(a) Borrower represents, agrees and acknowledges that:

(i) Development of real property is a highly complex activity which requires substantial knowledge of law and business conditions and practices, and an ability to control, coordinate and schedule the many factors affecting such development. Experience, financial stability, managerial ability and a good reputation in the business community enhance a developer's ability to obtain market rents (or maximum permissible rents pursuant to the Regulatory Agreement) and/or sales prices and to induce cooperation in scheduling and are taken into account by Bondowner Representative in approving loan applications.

(ii) Borrower has represented to Bondowner Representative, not only in the representations and warranties contained in the Loan Documents, but also in its initial credit application and in all of the negotiations connected with the Loan, certain facts concerning Borrower's financial stability, managerial and operational ability, reputation, skill, and creditworthiness. Bondowner Representative has relied upon these representations and warranties as a substantial and material consideration in its decision to enter into this Loan Agreement.

(iii) The conditions and terms provided in this Loan Agreement were induced by these representations and warranties and would not have been made available by Bondowner Representative in the absence of these representations and warranties.

(iv) Borrower's financial stability and managerial and operational ability and that of those persons or entities having a direct or beneficial interest in Borrower are a substantial and material consideration to any third parties who have entered or will enter into agreements with Borrower.

(v) Bondowner Representative has relied upon the skills and services offered by such third parties and the provision of such skills and services is jeopardized if Borrower breaches its covenants contained below regarding transfers.

(vi) Except as otherwise permitted under Section 11.19(b), a transfer of possession of or title to the Property, or a change in the person or entity operating, developing, constructing or managing the Property would substantially increase the risk of Default under the Loan Documents and significantly and materially impair and reduce Bondowner Representative's security for the obligations under this Loan Agreement.

(b) In consideration of Bondowner Representative's induced reliance on such representations, warranties and agreements, Borrower shall not make any transfer prohibited by Section 5.12 of the Deed of Trust or Section 13 of the Regulatory Agreement. Bondowner Representative acknowledges that Borrower will grant or may

grant an option to purchase the Project during or prior to year 15 of the LIHTC compliance period and a right of first refusal with respect to transfers of the Project to General Partner. The grant of such option and/or such right of first refusal shall not constitute a violation of this Section 11.19, but any purchase of the Project pursuant to such option or right of first refusal shall constitute a violation of this Section 11.19 without the prior consent of Bondowner Representative.

(c) Without the prior written consent of Bondowner Representative and/or Issuer, as applicable, Borrower shall not assign Borrower's interest under any of the Bond Documents or Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void.

(d) Notwithstanding any other provision of this Loan Agreement or the other Loan Documents to the contrary:

(i) Subject to the requirements for Issuer approval set forth in Section 13 of the Regulatory Agreement, the Investor Limited Partner of Borrower shall be permitted to remove the general partner of Borrower for cause and substitute a new general partner in its place in accordance with the terms and conditions of the Partnership Agreement; provided, however, that (A) Investor Limited Partner shall obtain the prior written consent of Bondowner Representative to such substitution, which consent shall not be unreasonably withheld; provided, however, that no such consent shall be required if the substitute general partner is an Investor Affiliate; (B) Investor Limited Partner can demonstrate to Bondowner Representative's reasonable satisfaction that the Loan shall remain "in balance" in spite of any loss of property tax exemption which may result because of such substitution, (C) the substitute general partner is admitted no later than 60 days after the date of removal of the general partner or such longer period of time to which Bondowner Representative may consent, which consent shall not be unreasonably withheld so long as Investor Limited Partner is diligently working to admit the substitute general partner, provided, however, that in no event shall such period be extended past 90 days after the date of removal of the general partner, and (D) the substitute general partner shall execute and deliver to Bondowner Representative such documents as Bondowner Representative may reasonably require in order to evidence its assumption of all of the rights and obligations of the removed general partner under all the Loan Documents.

(ii) Subject to the requirements for Issuer approval as set forth in Section 13 of the Regulatory Agreement, the Investor Limited Partner may make a transfer of its interest in Borrower as a result of the exercise of the purchase option, rights of first refusal or other transfer rights granted to General Partner or an affiliate of General Partner as set forth in the Partnership Documents.

(iii) The Investor Limited Partner may make a Permitted Transfer upon thirty (30) days' prior written notice to Bondowner Representative.

(iv) Subject to the requirements for Issuer approval as set forth in Section 13 of the Regulatory Agreement, Bondowner Representative shall not unreasonably withhold its consent to a transfer of the interest of McCadden Plaza Affordable Housing, LLC in Borrower or to a transfer of membership interests in McCadden Plaza Affordable Housing, LLC if the proposed transferee has provided satisfactory evidence that the proposed transferee is a single purpose entity controlled or wholly owned by a TSA Entity, and has at least as much experience, net worth, and liquidity as the sole member of McCadden Plaza Affordable Housing, LLC, has been approved by Investor Limited Partner, Subordinate Lenders and any other subordinate lender for the Project, if such consent is required, and has agreed to assume all of the obligations of McCadden Plaza Affordable Housing, LLC. For purposes hereof, TSA Entity shall mean (i) Thomas L. Safran, (ii) Thomas Safran & Associates, Inc., (iii) Jordan Pynes or (iv) any Person owned or controlled by or which owns and controls any of the Persons listed in clauses (i), (ii) or (iii), including a trust whose trustee is one of the persons in clauses (i), (ii) or (iii).

(v) Subject to the requirements for Issuer approval as set forth in Section 13 of the Regulatory Agreement, Bondowner Representative shall not unreasonably withhold its consent to a transfer of the interest of McCadden Campus LLC in Borrower or to a transfer of membership interests in McCadden Campus LLC if the proposed transferee has provided satisfactory evidence that the proposed transferee is a single purpose entity controlled or wholly owned by a Center Entity, and has at least as much experience, net worth, and liquidity as the sole member of McCadden Campus LLC, has been approved by Investor Limited Partner, Subordinate Lenders and any other subordinate lender for the Project, if such consent is required, and has agreed to assume all of the obligations of McCadden Campus LLC. For purposes hereof, Center Entity shall mean (i) Los Angeles LGBT Center, or (ii) any Person owned or controlled by Los Angeles LGBT Center.

Section 11.20. Management of Property. Without the prior written consent of Bondowner Representative, Borrower shall not enter into any agreement providing for the management, leasing or operation of the Property or Improvements; provided, however, that Bondowner Representative hereby approves of the Property Management Agreement by and between Borrower and the Property Manager. During the term of the Loan, Property Manager shall provide management for the Property, pursuant to the Property Management Agreement. Borrower shall not (a) amend, modify or waive any default under the Property Management Agreement, or any successor thereof, without Bondowner Representative's prior written consent, or (b) dismiss or replace the Property Manager, without Bondowner Representative's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

Section 11.21. No Amendments. Subject to Section 8.04(a), Borrower shall not amend, modify or terminate any of the following documents without Bondowner Representative's prior written consent and shall keep in full force and effect the following documents:

(a) The REA, provided the parties acknowledge the terms of Section 12.16(j) of the REA and agree to consider amendments proposed in accordance therewith in good faith;

(b) The Partnership Documents;

(c) The Permitted Restrictions; and

(d) The Subordinate Loan Documents.

Section 11.22. Restrictions. Except for the Regulatory Agreement, TCAC Regulatory Agreement and other Permitted Restrictions, (a) Borrower shall not execute any agreement or document to restrict the use of the Improvements (or which otherwise limit development or sale of the Property or Improvements) other than as expressly consented to by Bondowner Representative, and (b) any such restrictions are, and shall remain subordinate to the Deed of Trust and repayment of the Loan and shall not bind any transferee of the Property who receives title to the Property after foreclosure under the Deed of Trust, or obtains title by deed in lieu of foreclosure under the Deed of Trust.

Section 11.23. Taxes and Impositions. Subject to Borrower's right to claim exemptions under California Revenue and Taxation Code Section 214, Borrower shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the "Impositions"):

(a) all general and specific real property taxes and assessments imposed on the Property; (b) all other taxes and assessments and charges of every kind that are assessed upon the Property (or upon the owner and/or operator of the Property) and that create or may create a lien upon the Property (or upon any personal property or fixtures used in connection with the Property), including without limitation nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions; and (c) all license fees, taxes and assessments imposed on Bondowner Representative (other than Bondowner Representative's income or franchise taxes) which are measured by or based upon (in whole or in part) the amount of the obligations secured by the Property. If permitted by law, Borrower may pay or cause to be paid any Imposition in installments (together with any accrued interest). Borrower shall not be required to pay or cause to be paid any Imposition so long as (d) its validity is being actively contested in good faith and by appropriate proceedings, (e) Borrower has demonstrated to Bondowner Representative's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such Imposition or otherwise impair Bondowner Representative's interests under the Loan Documents and (f) if Bondowner Representative shall so request, Borrower has furnished Bondowner Representative with a bond or other security satisfactory to Bondowner Representative in an amount not less than 100% of the applicable claim. Upon demand by Bondowner Representative from time to time, Borrower shall (g) deliver to Bondowner Representative, within 30 days following the due date of Imposition, evidence of payment or other satisfaction of such Imposition reasonably satisfactory to Bondowner Representative and (h) furnish to Bondowner Representative a tax reporting service for the Property of a type and duration, and with a company reasonably satisfactory to Bondowner Representative. The sole member of the Managing General Partner shall take all actions necessary to obtain and maintain its tax exempt status pursuant to 501(c)(3) of the Code.

Section 11.24. Compliance With LIHTC. Neither Borrower, General Partner nor Investor Limited Partner shall commit a breach or default under the Partnership Agreement and the Partnership Agreement shall remain in full force and effect until all sums owing with respect to the Loan have been paid.

Borrower further covenants and agrees:

(a) To observe and perform all obligations imposed on Borrower in connection with the LIHTC, including the obligation to have the Property “placed in service” (within the meaning given in Section 42 of the Internal Revenue Code) in a timely manner; and to operate the residential units of the Property or to use Borrower’s best efforts to cause the appropriate parties to operate the same in accordance with all statutes and regulations governing the LIHTC;

(b) Not to release, forego, alter, amend or modify its rights to the LIHTC without Bondowner Representative’s prior written consent, which Bondowner Representative may give or withhold in Bondowner Representative’s reasonable discretion;

(c) Not to execute any residential lease of all or any portion of the Property or Improvements that does not comply fully with all requirements and regulations governing the LIHTC, except with Bondowner Representative’s prior written consent, which Bondowner Representative may give or withhold in its sole and absolute discretion;

(d) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the LIHTC in connection with the low-income occupancy of the Property;

(e) To comply with the appropriate minimum low-income set-aside requirements under the Internal Revenue Code or applicable federal regulations (“Federal Laws”) and all California laws and regulations (“State Laws”) applicable to the creation, maintenance and continued availability of the LIHTC;

(f) To certify compliance with the set-aside requirement and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the LIHTC at such time periods as required by Federal Laws, TCAC or State Laws for such LIHTC;

(g) To set aside the appropriate number of units for households with incomes meeting the required standards of the Los Angeles County median income to qualify for the LIHTC (as determined pursuant to Section 42 of the Code and/or State Laws), adjusted for family size, and to operate and maintain all such units as “low-income units” qualifying for the LIHTC under Section 42(i)(3) of the Code and/or State Laws;

(h) To exercise good faith in all activities relating to the operation and maintenance of the Property in accordance with the requirement of Federal Laws and State Laws; and

(i) To promptly deliver to Bondowner Representative true and correct copies of all notices or other documents or communications received or given by Borrower with regard to or relating in any way to the partnership interests and/or the LIHTC. Immediately upon receipt thereof, Borrower must deliver to Bondowner Representative a copy of the basis audit (as required by Section 42 of the Code) for the Property (including a certificate of Borrower's accountant or attorneys if requested by Bondowner Representative); the first annual income certification for all tenants of the Property showing that the tenants are qualified for purposes of Borrower's obtaining LIHTC; and the fully-completed Form 8609 (required by the Code) issued for the Property. Borrower must deliver promptly to Bondowner Representative such other certificates, income certificates, reports, and information as Bondowner Representative may request.

Section 11.25. Tax Credit Documentation. Borrower shall timely prepare or otherwise obtain and file with all appropriate agencies all documentation required in connection with qualifying for and obtaining the LIHTC. Borrower shall submit to Bondowner Representative, immediately upon receipt, a copy of each required document, including (but not necessarily limited to) each of the following: (a) verification, in form reasonably acceptable to Bondowner Representative, regarding the availability of LIHTC with respect to the Improvements in an amount not less than \$334,436.00 annually for 10 years; (b) a certification in form acceptable to Bondowner Representative confirming the calculation of the amount of the LIHTC; (c) a copy of application for the LIHTC, together with receipts indicating payment of any required fees in connection with the LIHTC; (d) form of restriction agreement(s) with regard to the LIHTC as required by TCAC; and (e) all other written communications to or from TCAC and any other applicable governmental authority relating to the Property or the Improvements; in each case, provided that all or any portion of the Loan or any other sum to which Bondowner Representative shall be entitled with respect to the Loan remains unpaid. Borrower shall also keep Bondowner Representative timely advised of all other contacts with TCAC and any other applicable governmental authority by or on behalf of Borrower with respect to the Property or the Improvements. Borrower shall further submit all documentation relating to the LIHTC and evidence of compliance to Bondowner Representative on an annual basis concurrently with the submission thereof to any applicable governmental authority, including, but not limited to, TCAC, which shall in any event occur in a timely manner as required in connection with the LIHTC. Borrower shall immediately deliver to Bondowner Representative a full copy of any notices or reports Borrower receives from TCAC and any notices or reports Borrower provided to TCAC in connection with the LIHTC.

Section 11.26. Additional Financing. Other than the sources of financing identified in this Loan Agreement, Borrower shall not, without the prior written consent of Bondowner Representative, receive any other financing for the construction of the Improvements and shall not further encumber the Property or Improvements including without limitation, entering into a land sale contract, sale contract or leaseback or conditional sales contract for the Property or Improvements or any portion thereof.

Section 11.27. Permits, Licenses and Approvals. Borrower shall properly obtain, comply with and keep in effect all governmental approvals, permits, certificates, licenses, inspections, consents and franchises (collectively, the "Licenses") necessary to continue to conduct its respective businesses and to own, market, occupy, lease and operate the Property and the Improvements, including without limitation, all Licenses related to environmental laws, and shall promptly deliver copies thereof to Bondowner Representative.

Section 11.28. Publicity. Bondowner Representative shall have the right to refer to the Property in its own promotional and advertising materials. Borrower shall not post signs identifying Bondowner Representative as its lender, or otherwise identify Bondowner Representative as its lender, except with Bondowner Representative's prior written consent in each instance.

Section 11.29. Affordability Covenants. Throughout the term of the Loan, the requisite number of residential apartment units in the Improvements shall rent at such rents, and to households having such incomes, as required by the most restrictive among the (a) Regulatory Agreement, (b) the TCAC Regulatory Agreement, (c) any other Restrictions recorded against the Property, and (d) any agreements, restrictions or other Requirements to which Borrower or the Property may be subject, including (but not limited to) those of the State of California, acting through TCAC in connection with an allocation of the LIHTC. The foregoing rent and income restrictions shall apply to the Property for so long as the Loan or any portion thereof remains outstanding or such later time as may be provided under the foregoing documents. Each year while any portion of the Loan remains outstanding, Borrower shall provide Bondowner Representative with a copy of Borrower's annual tenant and rent certification and qualification report made (i) pursuant to the Regulatory Agreement, (ii) to TCAC in connection with the tax credit allocation, and (iii) those governmental agencies charged with determining Borrower's compliance with regulations applicable to the LIHTC claimed by Borrower for the Property.

Section 11.30. Subordination of Indebtedness and Regulatory Restrictions. Other than the REA, the City Rental Covenant and the Regulatory Agreement, any deed of trust, mortgage, regulatory agreement, covenant or restrictive agreement or other instrument evidencing, securing or related to any financing or regulatory requirements imposed by TCAC or any other party on Borrower or the Property, and any obligations related thereto, shall be and remain subordinate to the Loan, and shall be subordinated to the Deed of Trust by an instrument or instruments satisfactory to Bondowner Representative and its counsel. No proceeds of collateral or payments of principal, interest or other amounts due and owing with respect to any other obligations described herein, following a Default under the Loan Documents, shall be received by obligee until the Loan shall have been paid in full.

Section 11.31. Impounds for Real Property Taxes. Bondowner Representative shall have the right to direct the Bond Trustee, following Conversion, to require Borrower to establish an account for the payment of property taxes and all other expenses required to be paid under Section 11.23 on the terms and conditions set forth in Section 5.03 of the Deed of Trust. After a Default has occurred, whether or not the same has thereafter been cured, at the request of Bondowner Representative, Borrower shall deposit with Bond Trustee, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by Bond Trustee, to pay all Impositions (as defined herein) for the Property.

Section 11.32. No Sale of Property. Except as permitted in this Loan Agreement or the Deed of Trust, Borrower shall not sell, convey, or otherwise transfer or dispose of its interest in any Property, nor contract to do any of the foregoing, without the prior written consent of Bondowner Representative and Issuer in each instance, except such Property as is customarily transferred in the ordinary course of operation of residential multi-family rental developments.

Section 11.33. Nonresidential Leases. Leases entered into from and after the Conversion Date other than for residential units within the Improvements, including, without limitation, leases for laundry equipment, vending machines, administrative space by affiliates of Borrower, General Partner, Property Manager, or otherwise, and commercial space within the Improvements (if any, "Nonresidential Lease(s)"), must be approved by Bondowner Representative prior to execution thereof, which approval shall not be unreasonably withheld. Borrower shall comply in all respects with any restrictions or guidelines as to the rents or other fees that may be charged for such nonresidential space, if any, which are contained in the Loan Documents, the Requirements or in any other agreement by which Borrower or the Property may be bound and which has been approved by Bondowner Representative in writing. Following the occurrence and during the continuance of any Default (as defined in Section 13.01 below), Bondowner Representative may make written demand on Borrower to submit all rents under the Nonresidential Leases to Bondowner Representative.

Section 11.34. Landlord Obligations. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Property or Improvements.

Section 11.35. Sanctions. No Person within the Borrowing Group shall: (a) use any of the Loan proceeds for the purpose of: (i) providing financing to or otherwise making funds directly or indirectly available to any Sanctioned Person; or (ii) providing financing to or otherwise funding any transaction which would be prohibited by Sanctions or would otherwise cause Bondowner Representative or Borrower, or any entity affiliated with Bondowner Representative or Borrower, to be in breach of any Sanction; or (b) fund any repayment of the Loan with proceeds derived from any transaction that would be prohibited by Sanctions or would otherwise cause Bondowner Representative or Borrower, or any entity affiliated with Bondowner Representative or Borrower, to be in breach of any Sanction. Borrower shall notify Bondowner Representative in writing not more than one Business Day after becoming aware of any breach of this Section.

Section 11.36. Covenant for the Benefit of the Bondholders. Borrower recognizes the authority of the Issuer to assign its interest in and pledge moneys receivable under this Loan Agreement to the Bond Trustee as security for the payment of the principal of and interest and redemption premiums, if any, on the Bond, and the payment of all other amounts as set forth in Article III of this Loan Agreement. Borrower hereby (a) agrees to be bound by the Issuer's grant of such assignment and pledge, (b) grants to the Bond Trustee a security interest in any right and interest Borrower may have in sums held in the Funds described in Article V of the Indenture, to secure the obligations of Borrower under this Loan Agreement and the other Loan Documents and (c) agrees that the Bond Trustee shall have all of the rights of a secured party under the California Uniform Commercial Code in connection with such security interest. Each of the terms and provisions of this Loan Agreement is a covenant for the use and benefit of the

Bondholders and Bondowner Representative, so long as the Bond shall remain Outstanding (as defined in the Indenture); but upon payment in full of the Bond in accordance with the Indenture and of all fees and charges requested under Sections 3.03 and 3.04 of this Loan Agreement, all references in this Loan Agreement to Bondowner Representative, the Bond, the Bond Trustee and the Bondholders shall be ineffective, and the Bondholders, the Bond Trustee and Bondowner Representative shall thereafter have no rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Loan Agreement. All rights and benefits provided to Bondowner Representative pursuant to this Agreement are provided to Bondowner Representative in both its capacity as owner of the Bond and its capacity as “Bondowner Representative” (i.e., representative of the Bondholder) as that capacity is established and defined pursuant to the Indenture, and shall extend to each successive Bondholder and “Bondowner Representative” under the Indenture.

Section 11.37. Inspection and Access.

(a) Borrower agrees that the Issuer, Bond Trustee and Bondowner Representative and their duly authorized agents, shall have the right to examine and inspect during normal business hours, and for that purpose to enter upon, the Property, and shall also have such right of access thereto at reasonable times and under reasonable conditions and subject to the rights of tenants in possession as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article V and in accordance with the applicable provisions of the other Loan Documents. In each instance but with the exception of any emergency, the Issuer, Bond Trustee and Bondowner Representative and their duly authorized agents will give Borrower reasonable notice before entering the Project premises and make reasonable efforts to avoid interfering with Borrower’s use of the Property when exercising any of the rights granted in this Section.

(b) Subject to the restrictions of all applicable laws, Borrower hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary in order to grant to the Issuer, Bond Trustee and Bondowner Representative the rights of access and entry described herein and agrees that such rights of access and entry shall not be terminated, curtailed or otherwise limited by any assignment, lease or other transfer of the Property by Borrower to any other person and subject to the rights of tenants in possession at reasonable times and under reasonable conditions.

Section 11.38. Indemnity.

(a) TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE ISSUER, THE BOND TRUSTEE, BONDOWNER REPRESENTATIVE, AND EACH OF THEIR RESPECTIVE OFFICERS, GOVERNING MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS (COLLECTIVELY, THE “INDEMNIFIED PARTIES”), AGAINST ANY AND ALL LOSSES, DAMAGES, CLAIMS, ACTIONS, LIABILITIES, COSTS AND EXPENSES OF ANY CONCEIVABLE NATURE, KIND OR CHARACTER (INCLUDING, WITHOUT

LIMITATION, REASONABLE ATTORNEYS' FEES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) EXCEPT, AS TO BONDOWNER REPRESENTATIVE AND BOND TRUSTEE, ARISING OUT OF BONDOWNER REPRESENTATIVE'S OR BOND TRUSTEE'S RESPECTIVE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AND AS TO ISSUER, ARISING OUT OF ISSUER'S ACTIVE NEGLIGENCE OR WILLFUL MISCONDUCT, TO WHICH THE INDEMNIFIED PARTIES, OR ANY OF THEM, MAY BECOME SUBJECT UNDER OR ANY STATUTORY LAW (INCLUDING FEDERAL OR STATE SECURITIES LAWS) OR AT COMMON LAW OR OTHERWISE, ARISING OUT OF OR BASED UPON OR IN ANY WAY RELATING TO:

(i) THE BOND, THE INDENTURE, THIS LOAN AGREEMENT, THE LOAN DOCUMENTS, OR ANY OTHER DOCUMENT TO WHICH THE ISSUER IS A PARTY, OR THE EXECUTION OR AMENDMENT HEREOF OR THEREOF OR IN CONNECTION WITH TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING THE ISSUANCE, SALE OR RESALE OF THE BOND, PROVIDED, HOWEVER, THAT NO INDEMNIFICATION OBLIGATION SHALL RESULT IN LIABILITY FOR REPAYMENT OF PRINCIPAL OR INTEREST ON THE LOAN;

(ii) ANY ACT OR OMISSION OF BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE PROJECT, THE OPERATION OF THE PROJECT, OR THE CONDITION, ENVIRONMENTAL OR OTHERWISE, OCCUPANCY, USE, POSSESSION, CONDUCT OR MANAGEMENT OF WORK DONE IN OR ABOUT, OR FROM THE PLANNING, DESIGN, ACQUISITION, INSTALLATION OR CONSTRUCTION OF, THE PROJECT OR ANY PART THEREOF;

(iii) ANY LIEN OR CHARGE UPON PAYMENTS BY BORROWER TO THE ISSUER AND BONDOWNER REPRESENTATIVE HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON THE ISSUER OR THE TRUSTEE IN RESPECT OF ANY PORTION OF THE PROJECT;

(iv) ANY VIOLATION OF ANY ENVIRONMENTAL REGULATIONS WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS SUBSTANCES FROM, THE PROJECT OR ANY PART THEREOF;

(v) THE DEFEASANCE AND/OR REDEMPTION, IN WHOLE OR IN PART, OF THE BOND;

(vi) ANY UNTRUE STATEMENT OR MISLEADING STATEMENT OR ALLEGED UNTRUE STATEMENT OR ALLEGED MISLEADING

STATEMENT OF A MATERIAL FACT CONTAINED IN ANY OFFERING STATEMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BOND OR ANY OF THE DOCUMENTS RELATING TO THE BOND, OR ANY OMISSION OR ALLEGED OMISSION FROM ANY OFFERING STATEMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BOND OF ANY MATERIAL FACT NECESSARY TO BE STATED THEREIN IN ORDER TO MAKE THE STATEMENTS MADE THEREIN, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING;

(vii) ANY DECLARATION OF TAXABILITY OF INTEREST ON THE BOND, OR ALLEGATIONS (OR REGULATORY INQUIRY) THAT INTEREST ON THE BOND IS TAXABLE, FOR FEDERAL TAX PURPOSES; AND

(viii) THE BOND TRUSTEE'S AND BONDOWNER REPRESENTATIVE'S ACCEPTANCE OR ADMINISTRATION OF THE TRUST OF THE INDENTURE, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES THEREUNDER OR UNDER ANY OF THE DOCUMENTS RELATING TO THE BOND TO WHICH IT IS A PARTY; EXCEPT (A) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF BONDOWNER REPRESENTATIVE AND BOND TRUSTEE OR ANY OF ITS RESPECTIVE OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY; OR (B) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE ISSUER OR ANY OF ITS OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE ACTIVE NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST ANY INDEMNIFIED PARTY WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT HEREUNDER, BORROWER, UPON WRITTEN NOTICE FROM THE INDEMNIFIED PARTY, SHALL ASSUME THE INVESTIGATION AND DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL ACCEPTABLE TO THE INDEMNIFIED PARTY, AND SHALL ASSUME THE PAYMENT OF ALL EXPENSES RELATED THERETO, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; PROVIDED THAT THE INDEMNIFIED PARTY 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 THEREOF, AND BORROWER SHALL PAY THE REASONABLE FEES AND EXPENSES OF SUCH SEPARATE

COUNSEL; PROVIDED, HOWEVER, THAT SUCH INDEMNIFIED PARTY MAY ONLY EMPLOY SEPARATE COUNSEL AT THE EXPENSE OF BORROWER IF IN THE JUDGMENT OF SUCH INDEMNIFIED PARTY A CONFLICT OF INTEREST EXISTS OR COULD ARISE BY REASON OF COMMON REPRESENTATION OR IF ALL PARTIES COMMONLY REPRESENTED DO NOT AGREE AS TO THE ACTION (OR INACTION) OF COUNSEL.

(b) THE RIGHTS OF ANY PERSONS TO INDEMNITY HEREUNDER AND RIGHTS TO PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES HEREUNDER SHALL SURVIVE THE FINAL PAYMENT OR DEFEASANCE OF THE BOND AND IN THE CASE OF BONDOWNER REPRESENTATIVE OR THE BOND TRUSTEE ANY RESIGNATION OR REMOVAL. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS LOAN AGREEMENT.

Section 11.39. Tax Status of Bond. Borrower hereby covenants, represents and agrees as follows: (a) that Borrower will not take or permit any action to be taken that would adversely affect either the exclusion from gross income for federal income tax purposes of the interest on the Bond and, if it should take or permit any such action, Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and (b) that Borrower will take such action or actions, including amending the Loan and this Loan Agreement, as determined reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code. Borrower further covenants and agrees that it will direct all investments in compliance with the Code. Borrower covenants and agrees to cause to be calculated by an arbitrage consultant and pay to the Bond Trustee any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate and Section 6.07 of the Indenture.

Section 11.40. Incorporation of Tax Certificate. The covenants, representations, warranties and agreements of Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein.

Section 11.41. Loss of Tax Exclusion. Borrower understands that the interest rates provided under the Note and this Loan Agreement have been established on the assumption that interest paid on the Bond will be excludable from the Bondholders' gross income under Section 103 of the Code and applicable State law. In the event that (a) Borrower receives notice from Bondowner Representative that Bondowner Representative has discovered any facts or circumstances that would cause interest paid on the Bond not to be tax-exempt; or (b) any Bondholder receives notice from the Internal Revenue Service or other governmental authority that interest payable on the Bond is not tax-exempt, or that the Internal Revenue Service is challenging the tax-exempt status of the Bond, then the interest rate shall be increased, both prospectively and retroactively, to an annual variable rate equal to the Default Rate. Notwithstanding the foregoing, after any change in the interest rate pursuant to this Section 11.41 applicable on and after the Conversion Date shall cause the Note to bear interest at the Default Rate. In the event of an increase in the interest rate under this Section 11.41, Borrower shall pay

to the Bondholders promptly upon demand an amount sufficient to adjust previous payments of interest to the increased rate. Borrower shall also indemnify, defend and hold Issuer and Bondowner Representative harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all charges of Issuer's, Bond Trustee's and Bondowner Representative's internal and tax counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the exclusion from gross income for federal income tax purposes of interest on the Bond and the interest payable to any Bondholder on the Bond, and upon receipt by Bondowner Representative of the amounts set forth in the foregoing indemnity, Bondowner Representative shall assign to Borrower any claims it may have against third parties for negligent acts or omissions in connection with the failure of interest on the Bond to be excludable from gross income for federal income tax purposes. The obligations of Borrower under this paragraph shall survive termination of this Loan Agreement and repayment of the Loan.

Section 11.42. Contingency Drawdown upon Loss of Tax Exclusion. In the event either the Bondowner Representative or the Borrower determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on installments of the Loan not being excluded from gross income for federal income tax purposes, or otherwise determines that it is in its best interest to convert the Loan into a fully funded obligation in order to assure that interest on the Bond will remain excluded from gross income for federal income tax purposes, and, in the case of such determination by the Borrower, such action will resolve the uncertainty with respect to the exclusion of interest on the Bond from gross income for federal income tax purposes and will not jeopardize receipt of previously committed unfunded debt or equity funding for the Project, then such party may provide a written letter of direction (a "Draw-Down Notice") to the other party as provided herein to cause the unissued Bond to be funded. The Draw-Down Notice, if given, shall take effect on the fifth (5th) Business Day following the date (or such different number of Business Days to which the Borrower and the Bondowner Representative may agree in writing) on which either the Borrower or the Bondowner Representative sends written notification to the other party hereto referencing the Draw-Down Notice and containing substantially the following words: "The [Borrower/ Bondowner Representative] elects to [draw/fund] the remaining proceeds of the Loan (\$_____) effective _____ (the "Draw-Down Date")." The Draw-Down Notice will be delivered in the manner provided for notices under this Agreement. Promptly after receipt of a Draw-Down Notice, the Borrower and Bondowner Representative shall cause the requisition of the proceeds of the remaining Bond (the "Remaining Proceeds") into the Bond Proceeds Account of the Construction Fund to be held by the Bond Trustee ("Contingency Drawdown Proceeds Account") for later disbursements to the Borrower pursuant to this Agreement and the Indenture. The Borrower agrees to pay to the Bondowner Representative or deposit with the Bond Trustee on the Draw-Down Date, an amount of funds to be agreed upon by the Bondowner Representative and the Borrower prior to the Draw-Down Date to cover the expected "Negative Arbitrage" for the period between the Draw-Down Date and the date of each expected draw in accordance with the then-approved draw schedule under this Agreement (the "Negative Arbitrage Deposit"). For this purpose, the Negative Arbitrage shall be calculated, with respect to each subsequent expected draw by multiplying the dollar amount of such draw by the difference between (i) the interest rate on the Loan and (ii) the interest rate, if any, which may be obtainable under any Permitted Investments (as defined below) into which the Borrower and Bondowner Representative may agree Remaining Proceeds may be invested while held

under the Indenture (provided that the assumed rate of earnings following the date on which any such Permitted Investment matures or may be redeemed shall be 0%). As long as the interest rate on the Note is a variable rate, Negative Arbitrage shall be computed by assuming for any period in question, that the Loan will bear interest during such period at the annual interest rate equal to the variable rate in effect on the date of computation plus __%, unless the amount on deposit are invested in Permitted Investments bearing interest at the same index or other variable rate on which the interest rate on the Note is computed, in which case the spread between the two rates may be used. Funds held under the Indenture shall be invested in “Investment Securities” as defined in Section 5.03 of the Indenture.

Section 11.43. Taxes, Regulatory Costs and Reserve Percentages. Upon Bondowner Representative’s demand, Borrower shall pay to Bondowner Representative, in addition to all other amounts which may be, or become, due and payable under this Loan Agreement and the other Loan Documents, any and all Taxes and Regulatory Costs, to the extent they are not internalized by calculation of a One-Month LIBO Rate. Further, at Bondowner Representative’s option, the One-Month LIBO Rate shall be automatically adjusted by adjusting the Reserve Percentage, as determined by Bondowner Representative in its prudent banking judgment, from the date of imposition (or subsequent date selected by Bondowner Representative) of any such Regulatory Costs. Bondowner Representative shall give Borrower notice of any Taxes and Regulatory Costs as soon as practicable after their occurrence, but Borrower shall be liable for any Taxes and Regulatory Costs regardless of whether or when notice is so given.

Section 11.44. Amendment of Regulatory Agreement. Borrower shall not suffer or permit to become effective any Restrictions (including, without limitation, any “automatic” amendment of the Regulatory Agreement pursuant to its terms) which impose requirements with respect to the occupancy, leasing or operation of the Project which are materially more burdensome than those contained as of the date of this Loan Agreement in the Regulatory Agreement or the TCAC Regulatory Agreement, without first obtaining the consent of Bondowner Representative and the Issuer to the imposition of such Restriction.

Section 11.45. Tax Covenants. The Borrower shall comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in this Loan Agreement, Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bond to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) Borrower will not use the proceeds of the Bond, or any other funds which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code, in the manner which will cause the Bond to be an “arbitrage bond” within the meaning of such section, and will comply with the requirements of such Section throughout the term of the Bond;

(b) Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) Borrower will pay to the United States any amount required to be paid by the Issuer or Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes, and Borrower shall compute, or cause to be computed, such amounts annually so long as required by the Code.

(d) not less than 95% of the net proceeds of the Bond (within the meaning of Section 142(a) of the Code) shall be used to pay Qualified Project Costs;

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of that section), neither Borrower nor any related person will purchase interests in the Bond in an amount related to the amount of the Loan;

(f) no changes will be made to the Project, no actions will be taken by Borrower, and Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the interest on the Bond;

(g) if Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Bond becoming includable in gross income for federal income tax purposes, Borrower will promptly give written notice of such circumstance, event or condition to the Issuer and Bondowner Representative;

(h) the full amount of each disbursement from the Loan will be applied to pay or to reimburse Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Bond (as defined in Section 150 of the Code) will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than 25% of the net proceeds of the Bond will have been disbursed to pay or to reimburse Borrower for the cost of acquiring land, (iii) not more than 2% of the proceeds of the Bond will have been used for Issuance Costs (as defined in the Indenture), and (iv) none of the proceeds of the Bond (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(i) Borrower will cause all of the residential units in the Project first occupied after the Effective Date and to be rented or available for rental on a basis which satisfies the requirements of the Law, the Act, the Code and the Regulatory Agreement;

(j) all leases for the Project entered into after the Effective Date will comply with all applicable laws and the Regulatory Agreement;

(k) in connection with any lease entered into after the Effective Date or grant by Borrower of the use of the Project, Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Loan Agreement or the Regulatory Agreement;

(l) no portion of the proceeds of the portion of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project 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 the Project; and

(m) no proceeds of the Bond will be used, for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if construction expenditures (as defined in the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Bond; and provided, further, that this limitation shall not apply with respect to any structure other than a building if construction expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Bond.

In any matter relating to the exclusion of interest on the Bond from gross income for federal income tax purposes, the terms and provisions of the Tax Certificate shall control in the event of any conflict between this Loan Agreement and the Tax Certificate.

Section 11.46. Debt Service Coverage Ratio.

(a) Borrower anticipates that, for all fiscal years of Borrower during the Permanent Loan Term (each, a "Period"), the ratio of Net Income for the Property to Debt Service shall be and remain no less than **1.00 to 1.00** ("Target DSCR"). Borrower acknowledges that Bondowner Representative is relying on Borrower meeting the Target DSCR in making the Loan, and that Bondowner Representative would not have made the Loan without its reliance upon such anticipated Target DSCR. Notwithstanding anything set forth herein, the failure of Borrower to maintain the Target DSCR shall not constitute a Default under this Loan Agreement.

(b) In addition to the delivery to Bondowner Representative of the financial information required to be provided under Section 12.01 below, Borrower shall submit annually to Bondowner Representative, within 120 days of the end of each of Borrower's fiscal years during the Permanent Loan Term, a certification by Borrower of the DSCR for each such fiscal year (the "DSCR Fiscal Certification"); provided, however, that if Borrower's first fiscal year of the Permanent Loan Term ends less than one full year after the Conversion Date, the DSCR Fiscal Certification shall reflect the DSCR for the period only from the Conversion Date to the end of such first fiscal year. Borrower shall make available to Bondowner Representative or its designee any financial information reasonably requested by Bondowner Representative in order for Bondowner Representative to verify Borrower's DSCR calculations. If Bondowner Representative does not accept Borrower's DSCR Fiscal Certification, Bondowner Representative shall

provide Borrower its recalculation which shall be binding upon Borrower. If Borrower fails to deliver to Bondowner Representative (i) the DSCR Fiscal Certification as required by this Section, or (ii) the financial information required pursuant to Article XII below, Bondowner Representative shall calculate the DSCR (the "Bondowner Representative DSCR Determination") based upon the most recently available financial information of Borrower, which Bondowner Representative DSCR Determination shall be binding upon Borrower. If any DSCR Fiscal Certification or Bondowner Representative DSCR Determination reveals that the DSCR for any Period covered by such DSCR Fiscal Certification is less than a floor of the Target DSCR, then, while not an Event of Default, Bondowner Representative shall notify Limited Partner (as defined below) and any Subordinate Lender of such fact, and the following shall occur:

(i) Borrower shall provide Bondowner Representative, within 30 days of Borrower's delivery of the relevant DSCR Fiscal Certification or Bondowner Representative's calculation of the DSCR, as applicable, a written plan reasonably acceptable to Bondowner Representative to bring the Property into compliance with the Target DSCR. Such plan shall include monthly projections of Net Income, Debt Service and DSCR until such time as projections show the Property to be in compliance with the Target DSCR;

(ii) Borrower shall provide Bondowner Representative, for each month of the year following submittal of the relevant DSCR Fiscal Certification or Bondowner Representative's calculation of the DSCR, as applicable (within 25 days of the end of each month): (x) a certificate disclosing the DSCR for the 12-month period ending in the relevant month (a "Monthly DSCR Certification"), and (y) rent rolls and operating statements for the Property, along with a monthly comparison of actual Net Income, Debt Service and DSCR to projected Net Income, Debt Service and DSCR reflected in the written plan described above. Borrower shall also provide a narrative explaining in detail any material variations between actual and projected Net Income, Debt Service and DSCR. If Borrower fails to deliver to Bondowner Representative the Monthly DSCR Certification as provided herein, or if Bondowner Representative's DSCR calculation is inconsistent with Borrower's Monthly DSCR Certification, Bondowner Representative shall calculate the monthly DSCR based upon the most recently available financial information of Borrower, and such calculation shall be binding upon Borrower;

(iii) Until such time as the Property is in actual compliance with the Target DSCR, Borrower shall not make partnership payments or distributions; but rather, Borrower shall deposit the amount of any such payments otherwise due (and any other excess of Net Income over Debt Service) with Bondowner Representative, to be held as additional collateral by Bondowner Representative in Borrower's name as a debt service reserve (the "Debt Service Reserve"). Such deposits by Borrower shall continue until the earlier of (x) the time at which the balance in the Debt Service Reserve shall be sufficient, if applied to the Loan, to bring the Property in compliance with the Target DSCR (assuming the Loan payments are recast based on the deemed application of such Debt Service

Reserve to the then-current Loan balance and interest rate and its remaining amortization period and utilizing the Net Income from the latest available audited financial statements), or (y) the time at which a subsequent Monthly DSCR Certification shall reveal that the Property is in actual compliance with the Target DSCR. Monies deposited in the Debt Service Reserve, if invested, shall be invested only in obligations on which interest is excludable from gross income for federal income tax purposes.

(iv) Upon the actual compliance of the Property with the Target DSCR, as determined by a certification of Borrower of such event and verified by Bondowner Representative or its designee (not merely upon reduction of the Loan by the amount retained in any Debt Service Reserve being maintained because of the failure to meet the Target DSCR), Bondowner Representative shall release the balance of funds in the Debt Service Reserve retained pursuant to this Section 11.46(b) to Borrower, and Borrower's obligations under any written plan shall terminate.

(c) To the extent Borrower does not comply with any term or condition of subsection (b) above, then, before any Default shall occur pursuant to Section 13.01 below, Borrower's limited partner(s) (collectively, "Limited Partner") shall receive written notice of Borrower's failure to comply and Limited Partner shall have the right, but not the obligation, within 30 days of receipt of written notice of Borrower's failure to comply, to cure any such failure to comply. Bondowner Representative agrees to accept any such cure tendered by Limited Partner on behalf of Borrower.

Section 11.47. Operating Expenses. After the occurrence of a Default, but for the lapse of any applicable grace period, and notwithstanding such Default shall be or have been cured or waived by Bondowner Representative, Bondowner Representative shall have the right to require Borrower to deposit with Bondowner Representative, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by Bondowner Representative, to pay all Operating Expenses for the Property. In such event, Borrower further agrees, upon Bondowner Representative's request, to cause all bills, statements or other documents relating to the operating expenses to be sent or mailed directly to Bondowner Representative. Upon receipt of such bills, statements or other documents, and provided Borrower has deposited sufficient funds with Bondowner Representative pursuant to this Section 11.47, Bondowner Representative shall pay such amounts as may be due thereunder out of the funds so deposited with Bondowner Representative. If at any time and for any reason the funds deposited with Bondowner Representative are or will be insufficient to pay such Operating Expenses as may then or subsequently be due, Bondowner Representative may notify Borrower and Borrower shall immediately deposit an amount equal to the deficiency with Bondowner Representative. If at any time the funds deposited with Bondowner Representative exceed the amount deemed necessary by Bondowner Representative to pay such operating expenses as may then or subsequently be due, such excess shall be credited to Borrower on the next monthly installment or installments of such funds. Upon payment and performance in full of the Loan and all indebtedness and obligations under the Loan Documents, Bondowner Representative shall promptly refund to Borrower any such funds held by Bondowner Representative. Nothing herein shall cause Bondowner Representative to be deemed a trustee of such funds or to be

obligated to pay any amounts in excess of the amount of funds deposited with Bondowner Representative pursuant to this Section 11.47. Bondowner Representative may commingle such deposits with its own funds and Borrower shall not be entitled to any interest thereon. Borrower shall execute whatever security agreements, financing statements and other documents and instruments as Bondowner Representative may require in order to confirm Bondowner Representative's security interest in and/or control over such accounts (including, without limitation, the Replacement Reserve referred to in Section 11.48, and funds deposited therein).

Section 11.48. Replacement Reserve. Borrower shall perform its obligations under the Replacement Reserve Agreement of even date herewith executed by Borrower and Bondowner Representative.

Section 11.49. Operating Reserve. At Conversion, Borrower shall have set aside and shall maintain a specific operating reserve fund with respect to the Property in an amount not less than \$.00 (the "Operating Reserve"), which shall be additional collateral for the Loan during the entire term of the Loan or until released in accordance with the terms set forth below, and meeting the following requirements:

(a) The Operating Reserve shall be maintained by Bondowner Representative in one or more account(s) in Borrower's name with Wells Fargo Bank, National Association. The Operating Reserve funds and account in which such funds are held shall be additional security in favor of Bondowner Representative for the Loan. Such account(s) shall provide expressly that Borrower shall make no withdrawals therefrom without the prior written consent of Bondowner Representative. At the earlier to occur of (i) the end of the LIHTC compliance period, or (ii) the exercise by Investor Limited Partner of any "put option" under the Partnership Documents, Borrower shall authorize Bondowner Representative to transfer the Operating Reserve funds to one or more account(s) in Bondowner Representative's name at one of CCRC's member banks, which such Operating Reserve shall be held and controlled by Bondowner Representative for the remainder of the term of the Loan.

(b) Borrower shall be entitled to use the Operating Reserve funds only to meet operating deficits in connection with the management and/or maintenance of the Property. If Borrower shall at any time draw upon the Operating Reserve to pay such operating deficits, Borrower shall promptly replenish the Operating Reserve from available cash flow from the Property, and the replenishment of the Operating Reserve shall be paid prior to the payment of any partnership or developer fees.

(c) All of Borrower's interest in the Operating Reserve, any interest accrued or accruing thereon, and the account(s) in which those funds are held, shall be pledged to Bond Trustee and Bondowner Representative as collateral or security for the Loan pursuant to the Deed of Trust and/or any other pledge agreement or other documentation required by (and acceptable to) Bondowner Representative. If a Default shall occur and be continuing, Bondowner Representative shall be entitled to draw upon and utilize all or any portion of the Operating Reserve as otherwise provided in the Loan Documents.

(d) Initially, the Operating Reserve shall be audited by Bondowner Representative or its delegee, six months following the Conversion Date, and the Operating Reserve shall be audited by Bondowner Representative or its delegee annually thereafter to confirm, among other things, that (i) Borrower has used Operating Reserve funds only for appropriate purposes, and (ii) the Operating Reserve, as funded, is in compliance with the provisions hereof. Borrower shall cooperate with Bondowner Representative's audit of the Operating Reserve.

(e) In the event that operating reserves required under the Partnership Agreement or any Subordinate Loan Document are in an amount greater than the Operating Reserve amount required hereunder, Borrower shall be required to deposit such greater amount directly with Bondowner Representative.

(f) To the extent that any Partnership Document or Subordinate Loan Document requires the prior consent of Investor Limited Partner or any Subordinate Lender, respectively, to any withdrawal from the Operating Reserve, Borrower shall obtain Investor Limited Partner's and/or such Subordinate Lender's consent thereto and shall have delivered evidence of such consent to Bondowner Representative prior to any withdrawal from the Operating Reserve.

(g) Upon payment in full of all principal and interest under the Loan and Bond Trustee's and Bondowner Representative's release and reconveyance of the Deed of Trust, Bondowner Representative shall release to Borrower all funds deposited in the Operating Reserve.

Section 11.50. Supportive Services Reserve. At Conversion, Borrower shall have set aside and shall maintain a specific supportive services reserve fund with respect to the Property in an amount not less than [REDACTED] and No/100 Dollars (\$ [REDACTED].00) (the "**Supportive Services Reserve**"), which shall be additional collateral for the Loan during the entire term of the Loan or until released in accordance with the terms set forth below, and meeting the following requirements:

(a) The Supportive Services Reserve shall be maintained and controlled by CCRC in one or more account(s) in Borrower's name. Such account(s) shall provide expressly that Borrower shall make no withdrawals therefrom without the prior written consent of CCRC and Investor Limited Partner (to the extent that such consent is required under any documents executed in connection with the Partnership Documents).

(b) Borrower shall be entitled to use the Supportive Services Reserve funds only to meet supportive services costs.

(c) All of Borrower's interest in the Supportive Services Reserve, any interest accrued or accruing thereon, and the account(s) in which those funds are held, shall be pledged to CCRC as collateral or security for the Loan pursuant to the Deed of Trust and/or any other documentation required by (and acceptable to) CCRC. If an Event of Default shall occur and be continuing, CCRC shall be entitled to draw upon and utilize all

or any portion of the Supportive Services Reserve as otherwise provided in the Loan Documents.

(d) Initially, the Supportive Services Reserve shall be audited by CCRC or its delegee six (6) months following the Conversion Date, and the Supportive Services Reserve shall be audited by CCRC or its delegee annually thereafter to confirm, among other things, that (i) Borrower has used Supportive Services Reserve funds only for appropriate purposes, and (ii) the Supportive Services Reserve, as funded, is in compliance with the provisions hereof and contains no less than \$76,000.00 or such greater amount as may be required by the Partnership Agreement, Subordinate Lenders or TCAC. Borrower shall cooperate with CCRC's audits of the Supportive Services Reserve.

(e) In the event that supportive services reserves required under the Partnership Agreement or any Subordinated Loan Documents are in an amount greater than the Supportive Services Reserve amount required hereunder, Borrower shall be required to deposit such greater amount directly with CCRC.

(f) Upon Borrower's satisfaction of all obligations under the Loan Documents and repayment in full of the Loan, the Supportive Services Reserve shall be released to Borrower.

Section 11.51. Subordinate Loans. Borrower shall timely perform all obligations of Borrower with respect to the Subordinate Loans under the documents executed in connection therewith. Borrower shall deliver to Bondowner Representative copies, certified by Borrower to be true and correct, of the documents that evidence and secure the Subordinate Loans, the form and content of which shall be subject to Bondowner Representative's reasonable approval. Borrower shall at all times fully and timely comply and cause the Property and Improvements to comply with all applicable terms and conditions of the documents that evidence and secure the Subordinate Loans and shall provide Bondowner Representative with such verification of that compliance from time to time as reasonably requested by Bondowner Representative. Borrower shall not (a) commit any breach or default under the Subordinate Loans; (b) fail to maintain the Subordinate Loans in full force and effect until all sums owing to each Subordinate Lender with respect to its respective Subordinate Loan have been paid; or (c) consent to any termination, amendment or modification of the terms of the Subordinate Loans or Subordinate Loan Documents without Bondowner Representative's prior written consent.

Section 11.52. Americans with Disabilities Act Compliance. Borrower shall comply fully with all federal and state laws, including those of the Americans with Disabilities Act ("ADA"), 42 U.S.C. 12101 et seq. and its implementing regulations. Under the ADA, Borrower shall provide for reasonable accommodations to allow qualified individuals with disabilities access to and participation in their programs, services and activities. In addition, Borrower 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 Borrower relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section. Borrower shall be responsible for all ADA compliance costs.

Section 11.53. Keeping Guarantor and Investor Limited Partner Informed.

Borrower must keep Guarantor and Investor Limited Partner informed of Borrower's financial condition and business operations, the condition and all uses of the Property, including all changes in condition or use, and any and all other circumstances that might affect Borrower's ability to pay or perform its obligations under this Loan Agreement.

Section 11.54. Status of Borrower.

(a) Throughout the term of this Loan Agreement, Borrower will maintain its existence as a limited partnership under the laws of the State of California in good standing and qualified to transact business in the State and will not wind up or otherwise dispose of all or substantially all of its assets.

(b) Notwithstanding the provisions of the Deed of Trust, Borrower shall not effect a merger, consolidation or transfer if the result thereof would cause the interest on the Bond (in the hands of any person who is not a "substantial user" of the Project or a "related person") to become includable in gross income for federal income tax purposes.

(c) Upon any change in the status of Borrower, by way of substitution, sale or otherwise of Borrower, the Issuer and Bondowner Representative shall be promptly informed and, if requested, Borrower as newly constituted shall deliver to the Issuer and Bondowner Representative an instrument in form satisfactory to each of them affirming the liability of Borrower hereunder.

Section 11.55. Partnership Documents. Borrower agrees as follows with respect to the Partnership Documents:

(a) Except as permitted by this Section 11.55, Borrower shall not amend, modify or terminate, or permit the amendment, modification or termination, of any of the Partnership Documents without the prior written consent of Bondowner Representative.

(b) Borrower shall fully comply with and perform all of the obligations of Borrower under the Partnership Documents. After execution of the Partnership Documents approved by Bondowner Representative, Borrower agrees not to amend, modify or terminate the Partnership Agreement without Bondowner Representative's prior written consent which shall not be unreasonably withheld or delayed; provided, however, the Partnership Agreement may be amended or modified without Bondowner Representative's prior written consent (i) to correct scrivener's errors in the Partnership Agreement, (ii) to conform the Partnership Agreement to the requirements of Section 42 of the Code and the regulations promulgated thereunder, (iii) to conform the Partnership Agreement to the requirements of TCAC or the requirements of the welfare exemption, or (iv) to effectuate transfer or admission permitted without consent hereunder or in the Deed of Trust. After any change to the Partnership Agreement, whether it requires Bondowner Representative's consent or not, Borrower shall promptly provide a revised version thereof to Bondowner Representative. Further, Borrower shall notify Bondowner Representative and promptly deliver to Bondowner Representative copies of all written notices by any party under the Partnership Agreement.

(c) Borrower shall not (i) allow or enable Borrower to issue any partnership interests or equity interests other than as set forth in the Partnership Agreement; (ii) dissolve Borrower; (iii) cause the removal or replacement of General Partner other than as provided in Sections 11.19(d); or (iv) except as otherwise permitted under the terms of the Partnership Agreement, materially reduce the amount of the Capital Contributions or alter the time for payment or impair or alter the obligations of the Investor Limited Partner to make or fully fund Capital Contributions in the amounts required pursuant to Section 8.02(u) of this Loan Agreement, provided however that this Section 11.53(c) shall not prevent Borrower from accepting any Capital Contributions under the Partnership Agreement; and the Partnership Documents shall remain in full force and effect until all sums owing with respect to the Loan have been paid.

(d) Borrower shall notify Bondowner Representative and promptly deliver to Bondowner Representative copies of all written notices by any party under the Partnership Agreement. All funds received by Borrower from the Capital Contributions of Investor Limited Partner pursuant to the Partnership Documents until Conversion has occurred, except for a portion which Bondowner Representative agrees may be used to pay certain syndication fees, are to be paid promptly to Bondowner Representative for application to costs of construction of the Improvements and other approved development expenses, payment of developer fees, funding of the Operating Reserve or repayment of the Loan as set forth in this Loan Agreement.

(e) During the term of the Loan, no General Partner shall jeopardize in a material way the Property or the financial viability of Borrower by (i) violating its fiduciary responsibilities under the Partnership Agreement, or (ii) willfully violating any law, regulation or order applicable to the Partnership, and failing to remedy or cure such violations as permitted, in the time frames provided, under the Partnership Agreement.

Section 11.56. Filing of Financing Statements. Borrower agrees that it will cooperate with Bondowner Representative in filing or causing to be filed, at Borrower's sole expense, on or before September 1 of each fifth calendar year in which the Loan remains outstanding, commencing September 1, 2025, any financing statements or continuation statements required or requested by Bondowner Representative to perfect and preserve the security interest of the Issuer and Bondowner Representative in this Loan Agreement and the payments to be made hereunder, as granted in the Indenture.

Section 11.57. Negative Covenants. Without Bondowner Representative's prior written consent, Borrower may not:

- (a) engage in any business activities substantially different from Borrower's present business;
- (b) liquidate or dissolve Borrower's business;
- (c) lease (other than pursuant to residential leases to tenants of the Project permitted pursuant to the Loan Documents) or dispose of all or a substantial part of Borrower's business or Borrower's assets;

(d) enter into any consolidation, merger, pool, joint venture, syndicate or other combination, except as otherwise permitted by Section 5.12 of the Deed of Trust or by this Loan Agreement.

Section 11.58. Swap Documents. If Borrower enters into any Swap Agreement with Bondowner Representative, Borrower shall, upon receipt from Bondowner Representative, execute promptly all documents evidencing such transaction.

Section 11.59. Bondowner Representative Accounts. Bondowner Representative agrees to provide Borrower and Bond Trustee records of amounts on deposit in any account held by Bondowner Representative hereunder as and to the extent necessary to make any calculation of rebate amounts payable to the United States required by this Loan Agreement, the Indenture, the Tax Certificate or the Regulatory Agreement.

Section 11.60. Use Of Proceeds Not In Contravention Of Anti-Corruption Laws. Borrower shall not use, and shall ensure that Borrower's Affiliates and subsidiaries, and each of their respective directors, officers, employees, agents and representatives, shall not use, the proceeds of the Loan, directly or indirectly: (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws; (b) for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person, or of, with or in any Sanctioned Country; or (iii) in any manner that would violate any Sanctions applicable to any party hereto.

Section 11.61. Covenant to Provide Social Services. Borrower shall provide, or arrange with a third party contractor, acceptable to CCRC in its reasonable discretion, to provide social services to the Project, at no cost to the Borrower, consistent and commensurate with the social services plan described in Exhibit A to that certain letter dated June 12, 2018 from LALGBT addressed to Borrower, for the entire Permanent Loan Period. [APPLICABLE?]

ARTICLE XII

REPORTING COVENANTS

Section 12.01. Financial Information. Borrower shall keep true and correct financial books and records for the Property, using generally accepted accounting principles consistently applied, unless otherwise noted. Within 120 days after the end of each of Borrower's fiscal years, Borrower shall deliver to Bondowner Representative an audited balance sheet and income statement for Borrower, Guarantor and General Partner, together with a statement showing all changes in Borrower's, Guarantor's and General Partner's financial condition and a certification by Borrower of compliance with all applicable provisions of the Regulatory Agreement and Section 42 of the Code. Borrower shall also promptly deliver to Bondowner Representative, upon Bondowner Representative's request, monthly and/or quarterly balance sheets and income statements for Borrower, Guarantor or General Partner, certified to be true and correct by the chief financial officer of Borrower, Guarantor or General Partner, as applicable. In addition, if Bondowner Representative so requests as shall be necessary for Bondowner Representative to comply with current federal law, at Bondowner Representative's reasonable discretion, Borrower

shall also promptly provide annual balance sheets and income statements for Borrower's limited partner. Borrower shall promptly provide Bondowner Representative with any additional financial information that Borrower may obtain, or Bondowner Representative may reasonably request, on itself, Guarantor or General Partner, including but not limited to, signed copies of any tax returns and such other information concerning Borrower's, Guarantor's or General Partner's affairs and properties as Bondowner Representative may reasonably request. Notwithstanding the foregoing, the provisions regarding Guarantor hereunder shall be applicable only prior to the Conversion Date.

Section 12.02. Books and Records. Borrower shall maintain complete books of account and other records for the Property and Improvements and for disbursement and use of the proceeds of the Loan and Borrower's Funds, and the same shall be available for inspection and copying by Bondowner Representative or Issuer upon reasonable prior notice.

Section 12.03. Reports. Within 10 days of Bondowner Representative's request, Borrower shall deliver to Bondowner Representative monthly inventory reports, marketing and sales schedules and reports, marketing and sales information and/or leasing information, with respect to all real property projects of Borrower and all general partners, venturers and members of Borrower, all in form and substance acceptable to Bondowner Representative.

Section 12.04. Leasing Reports. Borrower shall deliver to Bondowner Representative quarterly rent rolls, leasing schedules and reports, operating statements and/or such other leasing information as Bondowner Representative shall request with respect to the Property and Improvements, each in form and substance satisfactory to Bondowner Representative and certified by an authorized officer of Borrower to be true and correct. In addition, Borrower shall promptly obtain and deliver to Bondowner Representative such estoppel certificates and subordination and attornment agreements executed by such tenants in such forms as Bondowner Representative may from time to time require.

Section 12.05. Operating Statements for Property and Improvements. Beginning with the first calendar month following the Effective Date and continuing until the Conversion Date, Borrower shall deliver to Bondowner Representative on the twenty-fifth day of each month an "Operating Statement" which shows in detail the amounts and sources of Gross Operating Income received by or on behalf of Borrower and the amounts and purposes of Permitted Operating Expenses paid by or on behalf of Borrower with respect to the Property and Improvements for the previous month.

"Gross Operating Income" for this purpose shall mean the sum of any and all amounts, payments, fees, rentals, additional rentals, expense reimbursements (including, without limitation, all reimbursements by tenants, lessees, licensees and other users of the Property and Improvements) discounts or credits to Borrower, income, interest and other monies directly or indirectly received by or on behalf of or credited to Borrower from any person with respect to Borrower's ownership, use, development, operation, leasing, franchising, marketing or licensing of the Property and Improvements. Gross Operating Income shall be computed on a cash basis and shall include for each quarterly statement all amounts actually received in such quarter whether or not such amounts are attributable to a charge arising in such quarter.

“Permitted Operating Expenses” shall mean the following expenses to the extent that such expenses are reasonable in amount and customary for properties of this type: (i) taxes and assessments imposed upon the Property and Improvements to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower; (ii) bond assessments; (iii) insurance premiums for casualty insurance (including, without limitation, earthquake) and liability insurance carried in connection with the Property and Improvements, provided, however, if any, insurance is maintained as part of a blanket policy covering the Property and Improvements and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Property and Improvements; (iv) operating expenses incurred by Borrower for the management, operation, cleaning, leasing, maintenance and repair of the Property and Improvements. Permitted Operating Expenses shall not include any interest or principal payments on the Loan or any allowance for depreciation.

Section 12.06. Additional Financial Information. Borrower shall promptly provide Bondowner Representative with any additional financial information that Borrower may obtain, or Bondowner Representative may reasonably request, regarding Borrower and/or the General Partner, including but not limited to, signed copies of any tax returns and such other information concerning Borrower’s or the General Partner’s affairs and properties as Bondowner Representative may reasonably request. If Borrower or any General Partner thereof fails to comply with the obligations of this Section 12.06 within 60 days of Bondowner Representative’s written request for financial statements (excluding audited financial statements) or other information related to Borrower, such General Partner, the Property or the Loan within the specified time periods set forth herein or in any other provision requiring such delivery (subject to any applicable notice and cure periods set forth herein), then Borrower or General Partner shall pay to Bondowner Representative, as damages, the sum of \$100 per day (plus interest thereon at the Default Rate as specified in the Note) until Borrower or its General Partner has complied therewith or such information is otherwise received by Bondowner Representative.

Section 12.07. Notice From Investor Limited Partner(s). Borrower shall immediately deliver to Bondowner Representative a full copy of any notice from Investor Limited Partner pursuant to which Investor Limited Partner may refuse to fund any portion of the Capital Contributions or demands a return of any Capital Contributions.

ARTICLE XIII

DEFAULTS AND REMEDIES

Section 13.01. Default. The occurrence of any one or more of the following shall constitute an event of default (“Default”) under this Loan Agreement and the other Loan Documents:

- (a) **Monetary.** Borrower’s failure to pay when due, or within five days of the due date of such payment, any sums payable under the Note or any of the other Loan Documents or Borrower’s failure to deposit any Borrower’s Funds as and when required under this Loan Agreement or within five days of the due date for such payment; or

(b) ***Performance of Obligations.*** Borrower's failure to perform, keep or observe any term, provision, condition, covenant, or agreement contained in this Loan Agreement, any other Loan Document, or any other present or future agreement between Borrower and Bondowner Representative and/or evidencing and/or securing the Loan (i) within 30 days after Borrower's receipt of written notice from Bondowner Representative requesting that Borrower cure such failure, or (ii) if such failure cannot be cured within such 30-day period in Bondowner Representative's reasonable determination, then within 60 days, so long as Borrower is diligently prosecuting the cure to completion; provided, however, that if a different cure period is provided for the remedy of such failure under this Section 13.01 or otherwise under the Loan Documents, Borrower's failure to perform will not constitute a Default until such date as the specified cure period expires; or

(c) ***Construction; Use.*** (i) There is any material deviation in the work of construction from the Plans and Specifications or governmental requirements or the appearance or use of defective workmanship or materials in constructing the Improvements, and Borrower fails to remedy the same to Bondowner Representative's satisfaction within 10 days of Bondowner Representative's written demand to do so; or (ii) there is a cessation of construction of the Improvements prior to completion for a continuous period of more than 15 days (except as caused by an event of force majeure for which a longer delay may be permitted under Article IV); or (iii) the City does not consent to a purchase of the Bond and corresponding disbursement of proceeds of the Loan for a period of more than 30 days after Borrower's delivery of a proper request for such disbursement; (iv) the construction, sale or leasing of any of the Improvements in accordance with the Loan Documents is prohibited, enjoined or delayed for a continuous period of more than 30 days; or (v) utilities or other public services necessary for the full occupancy and utilization of the Property and Improvements are curtailed for a continuous period of more than 30 days (except as caused by an event of force majeure for which a longer delay may be permitted under Article IV); or

(d) ***Liens, Attachment; Condemnation.*** (i) The recording of any claim of lien against the Property or Improvements or the service on Bondowner Representative of any bonded stop notice relating to the Loan and the continuance of such claim of lien or bonded stop notice for 30 days without discharge, satisfaction or provision for payment being made by Borrower in a manner satisfactory to Bondowner Representative; or (ii) the condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to any material portion of the Property or Improvements; or (iii) the sequestration or attachment of, or any levy or execution upon any of the Property or Improvements, any other collateral provided by Borrower under any of the Loan Documents, any monies in the Account or in Borrower's Funds Account, or any substantial portion of the other assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of 30 days or the sale of the assets affected thereby; or

(e) ***Representations and Warranties.*** (i) The failure of any representation or warranty of Borrower, any of its members or any of the General Partners, or any of its officers, employees or agents on behalf of Borrower in any of the Loan Documents and

the continuation of such failure for more than 30 days after written notice to Borrower from Bondowner Representative requesting that Borrower cure such failure; or (ii) any material adverse change in the financial condition of Borrower, any of its partners, any of the Guarantors (prior to Conversion), or any Indemnitor from the financial condition represented to Bondowner Representative as of the later of: (A) the Effective Date; or (B) the date upon which the financial condition of such party was first represented to Bondowner Representative; or

(f) ***Voluntary Bankruptcy; Insolvency.*** (i) The filing of a petition by Borrower for relief under the Bankruptcy Code, or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; (iii) a general assignment by Borrower for the benefit of creditors; or (iv) Borrower applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Borrower or any of its property; or

(g) ***Involuntary Bankruptcy.*** The failure of Borrower to effect a full dismissal of any involuntary petition under the Bankruptcy Code or under any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or Bondowner Representative regarding the Loan, the Property or the Improvements, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or 60 days after the date of filing of such involuntary petition; or

(h) ***Partners; Guarantor.*** Prior to Conversion, the occurrence of any of the events specified in Section 13.01(f) or 13.01(g) as to any person or entity other than Borrower, including, without limitation, any Guarantor, Indemnitor, which is in any manner obligated to Bondowner Representative under the Loan Documents; or

(i) ***Other Bankruptcy.*** The occurrence of any of the events specified in Sections 13.01(f) or 13.01(g) of this Loan Agreement with respect to Contractor (unless Contractor is replaced by a contractor reasonably satisfactory to Bondowner Representative within 90 days of such occurrence, except that such period shall be limited to 30 days if such proceedings have a materially adverse impact upon the progress of construction of the improvements or the availability of the LIHTC; or

(j) ***Dissolution.*** The dissolution of Borrower, any Guarantor (prior to Conversion) or any Indemnitor, or the retirement, death, incapacity or withdrawal of any individual Guarantor, and Borrower's failure to provide a substitute replacement Guarantor acceptable to Bondowner Representative within thirty (30) days after the occurrence of any such retirement, death, incapacity or withdrawal; or

(k) ***Change In Management or Control.*** Except as otherwise permitted under the Loan Documents, the occurrence of any material management or organizational change in Borrower or in the partners of Borrower, including, without limitation, any partnership dispute which Bondowner Representative determines, in its sole and absolute

discretion, shall have a material adverse effect on the Loan, on the Property and Improvements, or on the ability of Borrower or its partners to perform their obligations under the Loan Documents; or

(l) ***Loss of Priority.*** Except for the REA, the City Rental Covenant and the Regulatory Agreement, the failure at any time of the Deed of Trust to be a valid first lien upon the fee interest in the Property and Improvements or any portion thereof, other than as a result of any release or reconveyance of the Deed of Trust with respect to all or any portion of the Property and Improvements pursuant to the terms and conditions of this Loan Agreement; or

(m) ***Hazardous Materials.*** Except as disclosed in the Environmental Reports, the discovery of any significant Hazardous Materials in, on or about the Property or Improvements subsequent to the Effective Date. Any such Hazardous Materials shall be “significant” for this purpose if said Hazardous Materials, in Bondowner Representative’s sole discretion, have a materially adverse impact on the value of the Property and Improvements; or

(n) ***Investor Limited Partner Financing.*** The failure to comply with Sections 8.02(u), 11.04 and 12.07 of this Loan Agreement or, prior to Conversion, the failure of Investor Limited Partner to make the Capital Contributions to Borrower in the amounts and prior to the required dates set forth in Section 8.02(u), the occurrence of a material breach or default under the Partnership Documents, or failure to satisfy any of the material terms, covenants or conditions of or under the Partnership Documents, which has the effect of causing or excusing the failure of partners in Borrower to make capital contributions in the amounts and at the times required under Section 8.02(u) subject to adjustment under the Partnership Agreement and such failure continues for more than 30 days after notice of such failure from Bondowner Representative to Borrower; or

(o) ***Withdrawal of General Partner.*** Except as otherwise expressly permitted under the terms of this Loan Agreement, the withdrawal of a General Partner as a general partner and Borrower’s failure to provide a substitute or replacement acceptable to Bondowner Representative and Investor Limited Partner within 30 days after the occurrence of any such withdrawal; or

(p) ***Tax Certificate.*** Failure by Borrower or Issuer to perform their obligations under the Tax Certificate, or failure of any of the representations or warranties contained in the Tax Certificate to be and remain true and correct at any time; or

(q) ***LIHTC.*** Failure to remain in compliance with TCAC requirements, which failure extends beyond applicable notice and cure periods, or to promptly reapply for the LIHTC upon Bondowner Representative’s request, or the expiration of the LIHTC; or

(r) ***Default Under Guaranty.*** The occurrence of a default under any guaranty now or hereafter executed in connection with the Loan which extends beyond any

applicable notice and cure period, including without limitation, Guarantor's failure to perform any covenant, condition or obligation thereunder; or

(s) ***Investor Limited Partner Bankruptcy.*** Prior to the funding of the Capital Contributions in an amount sufficient to comply with Section 8.02(u) of this Loan Agreement, the occurrence of any of the events specified in Sections 13.01(f) or 13.01(g) of this Loan Agreement with respect to the Investor Limited Partner; provided, however, that Borrower has the right to, as a cure of a default under this subsection (s), within thirty (30) days of the occurrence of any of the events specified in Section 13.01(f) or 13.01(g) of this Loan Agreement, provide a replacement investor limited partner, which such replacement investor limited partner must be acceptable to Lender in its sole and absolute discretion; or

(t) ***Adverse Financial Condition - Other Than Borrower.*** Prior to Conversion, any material adverse change in the financial condition of any Guarantor or Indemnitors from the condition shown on the financial statement(s) submitted to Bondowner Representative and relied upon by Bondowner Representative in making the Loan, the materiality and adverse effect of such change in financial condition to be reasonably determined by Bondowner Representative in accordance with its credit standards and underwriting practices in effect at the time of making such determination which is not cured within 30 days; or

(u) ***Conversion.*** Failure of Conversion to occur and CCRC to purchase the Bond on or before the Mandatory Conversion Date; or, as it may be extended subject to satisfaction of all conditions precedent as provided in Section 3.06 or 3.07 hereof as applicable; or

(v) ***Transfer of Assets.*** The sale, assignment, pledge, hypothecation, mortgage or transfer of all or a substantial portion of assets of Borrower, any of the Guarantor (until Conversion) or any Indemnitor, other than in the ordinary course of business of said entity or as otherwise permitted under the Loan Documents; or Borrower ceases its operations or sells or otherwise disposes of all or substantially all of the Property or Improvements (except as otherwise permitted under the Loan Documents) or a governmental authority condemns or expropriates, or an order is issued by a governmental authority for the condemnation or expropriation of all or substantially all of the Property or Improvements; or

(w) ***Hazardous Materials Indemnity Agreement (Unsecured).*** The occurrence of a default and the expiration of any applicable cure periods under any Hazardous Materials Indemnity Agreement (Unsecured) executed by an Indemnitor, in favor of Bondowner Representative and Bond Trustee, and dated of even date herewith; or

(x) ***Attachment or Levy.*** All or any of Borrower's or the General Partner's assets in excess of \$50,000 in aggregate value are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any judicial officer or assignee for the benefit of creditors unless, with respect to any such assets, such

attachment, seizure, writ, warrant or levy shall be dismissed, released or stayed within 30 days of issuance thereof; or

(y) ***Governmental Lien.*** A notice of lien, levy or assessment in excess of \$50,000 in the aggregate, is filed of record with respect to any or all of Borrower's or the General Partner's assets by the United States Government, or any department, agency or instrumentality thereof, or by any other public authority, or if any taxes or debts owing at any time hereafter to any one or more of such entities in excess of \$50,000 in the aggregate, becomes a lien, whether choate, inchoate or otherwise, upon any or all of Borrower's or the General Partner's assets, and the same is not paid, bonded over or otherwise released within 45 days of the filing thereof; or

(z) ***Criminal Proceedings.*** Any criminal proceedings against Borrower or the General Partner shall have been instituted or Borrower or the General Partner shall be indicted for any crime, in either case for which a forfeiture of a material amount of the Property or any of its other property or assets is a potential penalty and such proceedings or indictment is not dismissed within 60 days; or

(aa) ***Default Under Project Documents.*** The occurrence of any default that remains uncured beyond any applicable notice and cure period by Borrower or any other party under any material agreement entered into by Borrower in connection with the Project, including, without limitation, any Partnership Document, Subordinate Loan Document or Restriction; or

(bb) ***Bond Purchase Agreement.*** The occurrence of any material default by Borrower that remains uncured beyond any applicable notice and cure periods under the Bond Purchase Agreement; or

(cc) ***Bond Document Amendment.*** Any of the Bond Documents shall be amended (including any "automatic" amendment of the Regulatory Agreement pursuant to its terms) without Bondowner Representative's prior written consent; or

(dd) ***Disapproval of Transfer of Bond.*** The City does not consent, within 30 days after written request therefor, to a transfer of the Bond to a Sophisticated Investor (as defined in the Indenture) to whom such transfer would be permitted pursuant to the Indenture but for lack of consent by the City; or

(ee) ***Swap Contract.*** The occurrence of a default or "Event of Default" under any Swap Agreement (as defined therein) between Borrower and Bondowner Representative after any applicable notice and cure periods contained therein.

(ff) ***Breach of Sanctions Provisions.*** The failure of any representation or warranty of Borrower, or Borrower's failure to perform or observe any covenant, contained in either of those Sections of this Loan Agreement entitled "Sanctions, Anti-Corruption and Anti-Money Laundering Laws" or "Sanctions."

(gg) ***Reciprocal Easement Agreement.*** The occurrence of a default or "Event of Default", subject to any applicable notice and cure periods, under the REA.

Section 13.02. Acceleration Upon Default; Remedies.

(a) Upon the occurrence of any Default specified in this Article XIII, Bondowner Representative may, at its sole option, direct that Bond Trustee, as assignee of Issuer, declare all sums owing to Issuer, Bond Trustee and Bondowner Representative under the Note, this Loan Agreement and the other Loan Documents immediately due and payable (in an amount equal to that necessary to pay in full the Bond and the interest thereon, assuming acceleration of the Bond under the Indenture and to pay all other indebtedness due under this Loan Agreement and the other Loan Documents). Upon such acceleration, Bondowner Representative may, with notice to the Bond Trustee, in addition to all other remedies permitted under this Loan Agreement and the other Loan Documents and at law or equity, apply any sums in the Account and Borrower's Funds Account to the sums owing under the Loan Documents and any and all obligations of Bondowner Representative to consent to further disbursements under the Loan shall terminate.

(b) Whenever any Default shall have occurred and be continuing, any one or more of the following remedial steps may also be taken to the extent permitted by law, and Bond Trustee shall take such actions as directed by Bondowner Representative:

(i) the Bond Trustee, as assignee of the Issuer, and Bondowner Representative may take whatever action at law or in equity as they determine to be appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of Borrower, under this Loan Agreement, the other Loan Documents or any Other Related Document, or to foreclose the real property and/or personal property security for such obligations, or to otherwise compensate the Issuer and Bondowner Representative for any damages on account of such Default; and

(ii) the Issuer (without the prior written consent of Bondowner Representative if Bondowner Representative is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer), may take whatever action at law or in equity may appear necessary or appropriate to enforce its rights to indemnification under Sections 9.05, 11.38, 11.41 and 15.01 and to collect all sums then due and thereafter to become due to the Issuer under Sections 3.04(a), (b) and (c) of this Loan Agreement; provided that the Issuer will not take any action which would prejudice the rights of the Bond Trustee or Bondowner Representative.

(c) All of Bondowner Representative's and Issuer's rights and remedies are cumulative. If any Default occurs, Issuer's obligation to lend and Bondowner Representative's obligation to consent to disbursements of proceeds of the Loan under the Loan Documents automatically terminate, and Bondowner Representative in its sole discretion may withhold any one or more disbursements. Bondowner Representative may also withhold any one or more disbursements after an event occurs that, with notice or the passage of time, could become a Default. No disbursement of Loan funds by

Bondowner Representative will cure any default of Borrower, unless Bondowner Representative agrees otherwise in writing in each instance.

(d) If Borrower becomes the subject of any Insolvency Proceeding, all of Borrower's obligations under the Loan Documents shall automatically become immediately due and payable upon the filing of the petition commencing such proceeding, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. Upon the occurrence of any other Default, all of Borrower's obligations under the Loan Documents may become due and payable immediately without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or other notices or demands of any kind or character, all at Bondowner Representative's option, exercisable in its sole discretion. If such acceleration occurs, Bondowner Representative may apply any undisbursed Loan funds and any sums in Borrower's Funds Account to Borrower's obligations under the Loan Documents, in any order and proportions in Bondowner Representative's sole discretion.

(e) Also upon any Default that occurs during the course of construction of the Project, Bondowner Representative in its sole discretion may enter and take possession of the Property or direct the Bond Trustee to do so, whether in person, by agent or by court-appointed receiver, and take any and all actions that Bondowner Representative in its sole discretion may consider necessary to complete construction of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to Bondowner Representative's right at any time to discontinue any work without liability. By choosing to complete the construction of the Project, Bondowner Representative does not assume any liability to Borrower or any other person for completing the Project or for the manner or quality of its construction, and Borrower expressly waives any such liability. If Bondowner Representative exercises any of the rights or remedies provided in this clause (e), that exercise will not make Bondowner Representative, or cause Bondowner Representative to be deemed, a partner or joint venturer of Borrower. Bondowner Representative in its sole discretion may choose to complete construction in its own name. All sums expended by Bondowner Representative in completing construction will be considered to have been disbursed to Borrower and will be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan; any sums of principal will be considered to be an additional loan to Borrower bearing interest at the Default Rate, and be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan. For these purposes Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the cost breakdown.

Section 13.03. Disbursements to Third Parties. Upon the occurrence of a Default occasioned by Borrower's failure to pay money to a third party as required by this Loan Agreement, Bondowner Representative may but shall not be obligated to make such payment from the Loan proceeds, Borrower's Funds, or other funds of Bondowner Representative. If such payment is made from proceeds of the Loan or from Borrower's Funds, Borrower shall immediately deposit with Bondowner Representative, upon written demand, an amount equal to

such payment. If such payment is made from funds of Bondowner Representative, Borrower shall immediately repay such funds upon written demand of Bondowner Representative. In either case, the Default with respect to which any such payment has been made by Bondowner Representative shall not be deemed cured until such deposit or repayment (as the case may be) has been made by Borrower to Bondowner Representative.

Section 13.04. Bondowner Representative's Completion of Construction. Upon the occurrence of a Default, at the direction of Bondowner Representative, Bond Trustee may, upon five days' prior written notice to Borrower, and with or without legal process, take possession of the Property and Improvements, remove Borrower and all agents, employees and contractors of Borrower from the Property and Improvements, complete the work of construction and market and sell or lease the Property and/or Improvements. For this purpose, Borrower irrevocably appoints Bond Trustee as its attorney in fact, which agency is coupled with an interest. As attorney in-fact, Bond Trustee may, in Borrower's name and at the direction of Bondowner Representative, take or omit to take any action that Bondowner Representative may deem appropriate, including, without limitation, exercising Borrower's rights under the Loan Documents and all contracts concerning the Property and/or Improvements.

Section 13.05. Bondowner Representative's Cessation of Construction. If Bondowner Representative determines at any time that the Improvements are not being constructed in accordance with the Plans and Specifications and all governmental requirements, Bondowner Representative may immediately cause all construction to cease on any of the Improvements affected by the condition of nonconformance. Borrower shall thereafter not allow any construction work, other than corrective work, to be performed on any of the Improvements affected by the condition of nonconformance until such time as Bondowner Representative notifies Borrower in writing that the nonconforming condition has been corrected.

Section 13.06. Repayment of Funds Advanced. Any funds expended by Bondowner Representative or Bond Trustee in the exercise of their respective rights or remedies under this Loan Agreement and the other Loan Documents shall be payable to Bondowner Representative or Bond Trustee, as applicable, upon demand, together with interest at the rate applicable to the principal balance of the Note from the date the funds were expended.

Section 13.07. Rights Cumulative, No Waiver. All Bondowner Representative's and Bond Trustee's respective rights and remedies provided in this Loan Agreement and the other Loan Documents, together with those granted by law or at equity, are cumulative and may be exercised by Bondowner Representative or Bond Trustee at any time. Bondowner Representative's or Bond Trustee's exercise of any right or remedy shall not constitute a cure of any Default unless all sums then due and payable to Bondowner Representative and Bond Trustee under the Loan Documents are repaid and Borrower has cured all other Defaults. No waiver shall be implied from any failure of Bondowner Representative or Bond Trustee to take, or any delay by Bondowner Representative or Bond Trustee in taking, action concerning any Default or failure of condition under the Loan Documents, or from any previous waiver of any similar or unrelated Default or failure of condition. Any waiver or approval under any of the Loan Documents must be in writing and shall be limited to its specific terms.

Section 13.08. Exercise of the Issuer's Remedies by Bondowner Representative.

Whenever any default shall have happened and be subsisting the Bond Trustee or Bondowner Representative may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article XIII, with notice to the Issuer.

Section 13.09. Notice and Cure Rights of Investor Limited Partner. Notwithstanding anything to the contrary contained in the Loan Documents, Bondowner Representative hereby agrees that any cure of any default made or tendered within 30 days of the default by Borrower's Investor Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower under the terms of the Loan Documents shall also be sent to Investor Limited Partner at the following address:

Wells Fargo Affordable Housing
Community Development Corporation
One Wells Fargo Center
301 South College Street
MAC D1053-170
Charlotte, NC 28288
Attention: Director of Tax Credit Asset Management

with a copy to:

Joel Hjelmaas, Counsel
Wells Fargo Bank, N.A.
MAC X2401-06T
6th Floor
1 Home Campus
Des Moines, IA 50328-0001

And a copy to:

Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street, NW
Washington, DC 20036
Attention: Craig A. deRidder, Esq.

Section 13.10. Nonexclusive Remedies. No remedy herein conferred upon or reserved to the Issuer or Bondowner Representative 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 the other Loan Documents 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 Bondowner Representative to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law.

Section 13.11. Effect of Waiver. In the event any agreement contained in this Loan Agreement is breached by either party and thereafter such breach is waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 13.12. Bondowner Representative May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or the property of Borrower, Bondowner Representative or Bond Trustee (at the direction of Bondowner Representative), shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) To file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer, Bond Trustee or Bondowner Representative (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer, Bond Trustee and Bondowner Representative, their agents and counsel) allowed in such judicial proceeding; and

(b) To collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

Section 13.13. Restoration of Positions. If Issuer, Bondowner Representative or Bond Trustee (at the direction of Bondowner Representative) has instituted any proceeding to enforce any right or remedy under this Loan Agreement, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to Bondowner Representative, then and in every such case Issuer, Bondowner Representative and Bond Trustee, as applicable, shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer, Bond Trustee and Bondowner Representative shall continue as though no such proceeding had been instituted.

Section 13.14. Suits To Protect the Project. If Borrower shall fail to do so after 30 days prior written notice from Bondowner Representative, Bondowner Representative shall have power to institute and to maintain such proceedings as it deems expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Loan Agreement, and such suits and proceedings as Bondowner Representative may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of Bondowner Representative.

ARTICLE XIV

TERMINATION

Section 14.01. Termination of Loan Agreement; Required Prepayment.

(a) Except during the continuance of a Default, Borrower shall have the option of terminating this Loan Agreement if (i) the Bond has been paid in full or if provision is otherwise made for payment of the Bond in such manner that the Indenture will be discharged on or before the date of termination, (ii) such prepayment and termination is allowed by the Note and the Deed of Trust, (iii) Borrower provides Bondowner Representative and the Issuer with an opinion of Bond Counsel to the effect that all such conditions for discharge of the Indenture have been satisfied; and provided that this Loan Agreement may not be terminated unless and until (x) all of Borrower's obligations under the Loan Documents have been satisfied and (y) all of Borrower's obligations with respect to the Issuer's fees, Bond Trustee's fees and any rebate obligation have been satisfied and Borrower has so certified to the Issuer and Bondowner Representative. All obligations of Borrower under Sections 3.03(a), 3.03(g), 3.03(h), 3.04, 9.05, 11.38, 11.41, and 15.01 shall survive termination of this Loan Agreement. Notwithstanding the foregoing, Borrower may not terminate this Loan Agreement unless and until the Bond Trustee has received an amount equal to Bondowner Representative's, Bond Trustee's and Issuer's fees and expenses under the Indenture and any other amounts due under Sections 3.03(a), 3.03(g), 3.03(h), 3.04, 9.05, 11.38, 11.41 and 15.01 hereof, accrued and to accrue until the Bond is fully paid and redeemed and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the termination date by Bondowner Representative under the Indenture and by the Issuer and Bondowner Representative under this Loan Agreement and/or the other Loan Documents.

(b) On the termination date, a closing shall be held at any office mutually agreed upon among the Issuer, Borrower and Bondowner Representative (which closing may be conducted by first-class mail or recognized overnight delivery service). At the closing the Issuer and Bondowner Representative shall, upon acknowledgment of receipt of the sum required to be paid pursuant to Section 14.01(a), execute and deliver to Borrower such release and other instruments as Borrower reasonably determines is necessary to terminate this Loan Agreement. All further obligations of Borrower hereunder (except as specifically provided in Sections 3.03(a), 3.03(g), 3.03(h), 3.04, 9.05, 11.38, 11.41 and 15.01 shall thereupon terminate, provided, however, that Borrower shall also remain obligated to pay or reimburse the Issuer and Bondowner Representative for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with Section 14.01(a) above and reasonably incurred before or subsequent to such closing in connection with the Bond.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.01. Indemnity. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER, BOND TRUSTEE AND BONDOWNER REPRESENTATIVE, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, OFFICIALS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING,

WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) WHICH ISSUER OR BONDOWNER REPRESENTATIVE MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF: (a) THE PURPOSE TO WHICH BORROWER APPLIES THE PROCEEDS OF THE BOND; (b) THE FAILURE OF BORROWER TO PERFORM ANY OBLIGATIONS AS AND WHEN REQUIRED BY THIS LOAN AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; (c) ANY FAILURE AT ANY TIME OF ANY OF BORROWER'S REPRESENTATIONS OR WARRANTIES TO BE TRUE AND CORRECT; OR (d) ANY ACT OR OMISSION BY BORROWER, CONSTITUENT PARTNER OF BORROWER, ANY CONTRACTOR, SUBCONTRACTOR OR MATERIAL SUPPLIER, ENGINEER, ARCHITECT OR OTHER PERSON OR ENTITY WITH RESPECT TO ANY OF THE PROPERTY OR IMPROVEMENTS, PROVIDED, HOWEVER THAT BORROWER WILL NOT BE REQUIRED TO INDEMNIFY BONDOWNER REPRESENTATIVE FOR LIABILITIES ARISING DUE TO BONDOWNER REPRESENTATIVE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. BORROWER SHALL IMMEDIATELY PAY TO ISSUER AND BONDOWNER REPRESENTATIVE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE SHALL SURVIVE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

Section 15.02. Form of Documents. The form and substance of all documents, instruments, and forms of evidence to be delivered to Bondowner Representative under the terms of this Loan Agreement and any of the other Loan Documents shall be subject to Bondowner Representative's approval and shall not be modified, superseded or terminated in any respect without Bondowner Representative's prior written approval.

Section 15.03. No Third Parties Benefited. No person other than Issuer, Bondowner Representative, Bond Trustee and Borrower and their permitted successors and assigns shall have any right of action under any of the Loan Documents.

Section 15.04. Notices. All notices, demands, or other communications under this Loan Agreement and the other Loan Documents shall be in writing and shall be delivered to the appropriate party at the address set forth on the signature page of this Loan Agreement and as specified in Exhibit D (subject to change from time to time by written notice to all other parties to this Loan Agreement). All communications shall be deemed served upon delivery of, or if mailed, upon the first to occur of receipt or the expiration of three days after the deposit in the United States Postal Service mail, postage prepaid and addressed to the address of Borrower or Bondowner Representative at the address specified; provided, however, that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

Section 15.05. Attorney-in-Fact. Borrower hereby irrevocably appoints and authorizes Bondowner Representative, as Borrower's attorney in fact, which agency is coupled with an

interest, to execute and/or record in Bondowner Representative's or Borrower's name any notices, instruments or documents that Bondowner Representative deems appropriate to protect Bondowner Representative's or Bond Trustee's interest under any of the Loan Documents.

Section 15.06. Actions. Borrower agrees that Bondowner Representative, in exercising the rights, duties or liabilities of Bondowner Representative or Borrower under the Loan Documents, may commence, appear in or defend any action or proceeding purporting to affect the Property, the Improvements, or the Loan Documents and Borrower shall immediately reimburse Bondowner Representative upon demand for all such expenses so incurred or paid by Bondowner Representative, including, without limitation, attorneys' fees and expenses and court costs.

Section 15.07. Right of Contest. Borrower may contest in good faith any claim, demand, levy or assessment (other than liens and stop notices) by any person other than Bondowner Representative which would constitute a Default if: (a) Borrower pursues the contest diligently, in a manner which Bondowner Representative determines is not prejudicial to Bondowner Representative, and does not impair the rights of Bondowner Representative under any of the Loan Documents; and (b) Borrower deposits with Bondowner Representative any funds or other forms of assurance which Bondowner Representative in good faith determines from time to time appropriate to protect Bondowner Representative from the consequences of the contest being unsuccessful. Borrower's compliance with this Section shall operate to prevent such claim, demand, levy or assessment from becoming a Default.

Section 15.08. Relationship of Parties. The relationship of Borrower and Bondowner Representative under the Loan Documents is, and shall at all times remain, solely that of borrower and lender, and Bondowner Representative neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property or Improvements, except as expressly provided in this Loan Agreement and the other Loan Documents.

Section 15.09. Delay Outside Bondowner Representative's Control. Bondowner Representative shall not be liable in any way to Borrower or any third party for Bondowner Representative's failure to perform or delay in performing under the Loan Documents (and Bondowner Representative may suspend or terminate all or any portion of Bondowner Representative's obligations under the Loan Documents) if such failure to perform or delay in performing results directly or indirectly from, or is based upon, the action, inaction, or purported action, of any governmental or local authority, or because of war, rebellion, insurrection, strike, lock out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Bondowner Representative deemed probable), or from any Act of God or other cause or event beyond Bondowner Representative's control.

Section 15.10. Attorneys' Fees and Expenses; Enforcement. If any attorney is engaged by Bondowner Representative to enforce or defend any provision of this Loan Agreement, any of the other Loan Documents or Other Related Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, and including, without limitation, any fees and expenses incurred in any bankruptcy proceeding of Borrower, then Borrower shall immediately pay to Bondowner Representative,

upon demand, the amount of all attorneys' fees and expenses and all costs incurred by Bondowner Representative in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the Note as specified therein.

Section 15.11. In-house Counsel Fees. Whenever Borrower is obligated to pay or reimburse Bondowner Representative for any attorneys' fees, those fees shall include the allocated costs for services of in-house counsel or loan administrators.

Section 15.12. Immediately Available Funds. Unless otherwise expressly provided for in this Loan Agreement, all amounts payable by Borrower to Bondowner Representative shall be payable only in United States currency, immediately available funds.

Section 15.13. Bondowner Representative's Consent. Wherever in this Loan Agreement there is a requirement for Bondowner Representative's consent and/or a document to be provided or an action taken "to the satisfaction of Bondowner Representative," it is understood by such phrase that, unless otherwise stated, Bondowner Representative shall exercise its consent, right or judgment in a reasonable manner given the specific facts and circumstance applicable at the time.

Section 15.14. Loan Sales and Participations; Disclosure of Information. Borrower acknowledges the intention of the parties to facilitate the marketability of the Loan to purchasers in the secondary market and agrees that Bondowner Representative may elect, at any time, subject to the requirements of the Indenture, to sell, assign or grant participations in all or any portion of its rights and obligations under the Loan Documents, and that any such sale, assignment or participation may be to one or more financial institutions, private investors, and/or other entities, at Bondowner Representative's sole discretion ("Participant"). Borrower further agrees that Bondowner Representative may disseminate to any such actual or potential purchaser(s), assignee(s) or participant(s) all documents and information (including, without limitation, all financial information) which has been or is hereafter provided to or known to Bondowner Representative with respect to: (a) the Property and Improvements and its operation; (b) any party connected with the Loan (including, without limitation, Borrower, any partner of Borrower, any constituent partner or member of Borrower, any Guarantor, any Indemnitor and any Non-Borrower Trustor); and/or (c) any lending relationship other than the Loan which Bondowner Representative may have with any party connected with the Loan. In the event of any such sale, assignment or participation, Bondowner Representative and the parties to such transaction shall share in the rights and obligations of Bondowner Representative as set forth in the Loan Documents only as and to the extent they agree among themselves. In connection with any such sale, assignment or participation, Borrower further agrees that the Loan Documents shall be sufficient evidence of the obligations of Borrower to each purchaser, assignee, or participant, and upon written request by Bondowner Representative, Borrower shall enter into such amendments or modifications to the Loan Documents as may be reasonably required in order to evidence any such sale, assignment or participation. The indemnity obligations of Borrower under the Loan Documents shall also apply with respect to any purchaser, assignee or participant.

Anything in this Loan Agreement to the contrary notwithstanding, and without the need to comply with any of the formal or procedural requirements of this Loan Agreement, including this Section, any lender, including, without limitation, Bondowner Representative, may at any time and from time to time pledge and assign all or any portion of its rights under all or any of the Loan Documents to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Bondowner Representative from its obligations thereunder.

Section 15.15. Fannie Mae Requirements. Borrower agrees to execute such additional documents (which documents shall be considered "Loan Documents") as Bondowner Representative may reasonably request to facilitate the sale of the Loan at any time to, or the provision of a credit enhancement facility with respect to the Bond by, Fannie Mae or another purchaser or credit enhancer of loans in the secondary market which generally follows Fannie Mae standards. If, prior to the Conversion Date, there are any modifications in or additions to any of the requirements imposed or standards used by Fannie Mae in connection with loans purchased by it or by others purchasing loans on the secondary market or in connection with credit enhancement facilities provided by it or other credit enhancement providers on the secondary market, and generally following Fannie Mae standards, then effective as of the Conversion Date, at Bondowner Representative's request, Borrower shall execute amendments to the Loan Documents, or shall execute additional Loan Documents, to conform with such modifications or additions. Despite anything in the foregoing to the contrary, none of the amendments or additional documents requested hereunder shall materially change the terms of the Loan Documents or increase the financial obligations of Borrower.

Section 15.16. Signs. Bondowner Representative may place on the Property reasonable signs standard to construction loan transactions stating that construction financing is being provided by Bondowner Representative.

Section 15.17. Bondowner Representative's Agents. Bondowner Representative may designate an agent or independent contractor to exercise any of Bondowner Representative's rights under this Loan Agreement and any of the other Loan Documents. Any reference to Bondowner Representative in any of the Loan Documents shall include Bondowner Representative's agents, employees or independent contractors. Borrower shall pay the costs of such agent or independent contractor either directly to such person or to Bondowner Representative in reimbursement of such costs, as applicable.

Section 15.18. Tax Service. Bondowner Representative is authorized to secure, at Borrower's expense, a tax service contract with a third-party vendor which shall provide tax information on the Property and Improvements satisfactory to Bondowner Representative.

Section 15.19. Waiver of Right to Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BONDOWNER REPRESENTATIVE (BUT NOT THE ISSUER) EACH EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER

MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND THE BONDOWNER REPRESENTATIVE AND THE BORROWER EACH HEREBY AGREES AND CONSENTS THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BONDOWNER REPRESENTATIVE AND BORROWER TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

Section 15.20. Severability. If any provision or obligation under this Loan Agreement and the other Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that provision shall be deemed severed from the Loan Documents and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of the Loan Documents, provided, however, that if the rate of interest or any other amount payable under the Note or this Loan Agreement or any other Loan Document, or the right of collectability therefor, are declared to be or become invalid, illegal or unenforceable, Bondowner Representative's obligations to make advances under the Loan Documents shall not be enforceable by Borrower.

Section 15.21. Heirs, Successors and Assigns. Except as otherwise expressly provided under the terms and conditions of this Loan Agreement, the terms of the Loan Documents shall bind and inure to the benefit of the heirs, successors and assigns of the parties.

Section 15.22. Time. Time is of the essence of each and every term of this Loan Agreement.

Section 15.23. Headings. All Article, Section or other headings appearing in this Loan Agreement and any of the other Loan Documents are for convenience of reference only and shall be disregarded in construing this Loan Agreement and any of the other Loan Documents.

Section 15.24. Governing Law. This Loan Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California, except to the extent preempted by federal laws. Borrower and all persons and entities in any manner obligated to Bondowner Representative under the Loan Documents consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.

Section 15.25. Integration; Interpretation. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Bondowner Representative in writing. Whenever the context requires, all

words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The word “include(s)” means “include(s), without limitation”, and the word “including” means “including, but not limited to”. No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Loan Agreement. The exhibits to this Loan Agreement are hereby incorporated in this Loan Agreement.

Section 15.26. USA Patriot Act Notice; Compliance. The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an “account” with such financial institution. Consequently, Bondowner Representative may from time-to-time request, and Borrower shall provide to Bondowner Representative, Borrower’s name, address, tax identification number and/or such other identification information as shall be necessary for Bondowner Representative to comply with federal law. An “account” for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit, and/or other financial services product.

Section 15.27. Joint and Several Liability. The liability of all persons and entities obligated in any manner under this Loan Agreement and any of the Loan Documents shall be joint and several.

Section 15.28. Counterparts. To facilitate execution, this document may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this document to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

Section 15.29. No Waiver; Consents. No alleged waiver by Bondowner Representative or Issuer will be effective unless in writing, and no waiver will be construed as a continuing waiver. No waiver may be implied from any delay or failure by Bondowner Representative or Issuer to take action on account of any default of Borrower or to exercise any right or remedy against Borrower or any security. Consent by Bondowner Representative or Issuer to any act or omission by Borrower may not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for Bondowner Representative’s consent to be obtained in any future or other instance. All of Bondowner Representative’s rights and remedies are cumulative.

Section 15.30. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the issuance of the Bond and before the lien of the Indenture is satisfied and discharged in accordance with its terms, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of Bondowner Representative and Borrower (and the Issuer to the extent any

proposed amendment, change or modification relates to any rights reserved by the Issuer under the Indenture).

Section 15.31. Limitation on Issuer's Liability. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bond, except from Revenues (as defined in the Indenture).

Any obligation or liability of the Issuer created by or arising out of this Loan Agreement (including without limitation any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Issuer or a charge upon its general credit, but shall be payable solely out of Revenues. Neither the issuance of the Bond nor the delivery of this Loan Agreement shall, directly or indirectly or contingently, obligate the Issuer to make any appropriation for payment of the Bond. Nothing in the Bond or this Loan Agreement or the proceedings of the Issuer authorizing the Bond or in the Act or the Law or in any other related document shall be construed to authorize the Issuer to create a debt of the Issuer within the meaning of any constitutional or statutory provision of the State. No breach of any pledge, obligation or agreement of the Issuer hereunder may impose any pecuniary liability upon the Issuer or any charge upon its general credit.

THE BOND IS ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT AND IS A LIMITED OBLIGATION OF THE ISSUER. NEITHER THE CITY COUNCIL OF THE ISSUER NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF ITS ISSUANCE. THE BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE AND THE SOURCES DESCRIBED IN THE LOAN AGREEMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NEITHER THE ISSUER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF SUCH BOND OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY PLEDGED THEREFOR.

THE BOND AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE A DEBT OF INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE OR ANY MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. 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 ISSUER 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.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bond or for any claim based thereon or upon any obligation, covenant or agreement in this

Loan Agreement contained, against, the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty of otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bond, expressly waived and released as a condition of, and in consideration for, the execution of this Loan Agreement and the issuance of the Bond. It is recognized that notwithstanding any other provision of this Loan Agreement, neither Borrower nor any Bondholder 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 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 Bond Documents or 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 Delivery Date. Although this Loan Agreement recognizes that such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Loan Agreement 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.

Section 15.32. Purpose and Effect of Bondowner Representative Approval. Bondowner Representative's approval of any matter in connection with the Loan is for the sole purpose of protecting the security and rights of Bondowner Representative. No such approval will result in a waiver of any default of Borrower. In no event may Bondowner Representative's approval be a representation of any kind with regard to the matter being approved.

Section 15.33. No Commitment To Increase Loan. From time to time, Bondowner Representative may approve changes to the Plans and Specifications at Borrower's request and also require Borrower to make corrections to the work of construction, all on and subject to the terms and conditions of this Loan Agreement. Borrower acknowledges that no such action or other action by Bondowner Representative will in any manner commit or obligate the Issuer or Bondowner Representative to increase the amount of the Loan.

Section 15.34. Relationships With Other Bondowner Representative Customers. From time to time, Bondowner Representative may have business relationships with Borrower's customers, suppliers, contractors, tenants, partners, shareholders, officers or directors, or with businesses offering products or services similar to those of Borrower, or with persons seeking to invest in, borrow from or lend to Borrower. Borrower agrees that Bondowner Representative may extend credit to such parties and take any action it deems necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on Borrower's financial condition or operations. Borrower further agrees that in no event will Bondowner

Representative be obligated to disclose to Borrower any information concerning any other Bondowner Representative customer.

Section 15.35. Disclosure to Title Company. Without notice to or the consent of Borrower, Bondowner Representative may disclose to any title insurance company insuring any interest of Bondowner Representative under the Deed of Trust (whether as primary insurer, coinsurer or reinsurer) any information, data or material in Bondowner Representative's possession relating to Borrower, the Loan, the Project or the Property.

Section 15.36. Restriction on Personal Property. Except for the replacement of personal property made in the ordinary course of Borrower's business with items of equal or greater value, Borrower may not sell, convey or otherwise transfer or dispose of its interest in any personal property in which Bondowner Representative has a security interest or contract to do any of the foregoing, without the prior written consent of Bondowner Representative in each instance.

Section 15.37. Loan Commission. Bondowner Representative is not obligated to pay any brokerage commission or fee in connection with or arising out of the Loan. Borrower must pay any and all brokerage commissions or fees arising out of or in connection with the Loan.

Section 15.38. Compliance With Usury Laws. Notwithstanding any other provision of this Loan Agreement, it is agreed and understood that in no event shall this Loan Agreement, with respect to the Note or other instrument of indebtedness, be construed as requiring Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law. In the event of any acceleration of the payment of the principal amount of the Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Loan Agreement or related documents shall be canceled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount. The provisions of this Section prevail over any other provision of this Loan Agreement.

Section 15.39. Terminated Documents. The documents (the "Terminated Documents") listed on Exhibit E attached hereto are the Loan Documents or Other Related Documents that, upon satisfaction of the terms and conditions of the Conversion, shall be released and terminated on and as of the Conversion Date.

Section 15.40. Limits on Personal Liability.

(a) **Non-Recourse.** Following the Conversion Date and except as otherwise provided in this Section 15.40, Borrower and any partner of Borrower shall have no personal liability under this Loan Agreement and the Loan Documents for the repayment of amounts owing under this Loan Agreement and the Note or for the performance of any other obligations of Borrower under this Loan Agreement, the Note, the Deed of Trust and the other Loan Documents (collectively, the "Obligations"), and the only recourse for the satisfaction and the performance of the Obligations shall be the exercise of rights and

remedies with respect to the Property and the Improvements and any other collateral which is security for the Obligations. This limitation on Borrower's and any partner or member of Borrower's liability shall not limit or impair the enforcement of rights against any Indemnitor.

(b) ***Exceptions to Non-Recourse.*** The Borrower and any general partner of Borrower (each individually, or on a joint and several basis if more than one) shall be personally liable in the amount of any loss, damage or cost (including but not limited to reasonable attorneys' fees) resulting from one or more of the following: (i) fraud or written material misrepresentation by Borrower or its agents or employees, or Borrower's partner or its agents or employees, in connection with obtaining the loan evidenced by the Note, or in complying with any of Borrower's obligations under the Bond Documents and the Loan Documents; (ii) Borrower's failure to pay (beyond any applicable notice and cure periods) any and all insurance proceeds, condemnation awards, damage proceeds, security deposits received from tenants or other sums or payments received by or on behalf of Borrower in its capacity as owner of the Property and not applied in accordance with the provisions of the Deed of Trust and the Loan Documents (except to the extent that Borrower did not have the legal right because of a bankruptcy, receivership or similar judicial proceeding, to direct disbursement of such sums or payments); (iii) Borrower's failure to pay all Payments (as defined in the Deed of Trust) actually received by Borrower not applied to the payment of the reasonable operating expenses of the Project as set forth herein and then to the payment of principal and interest then due and owing under the Note and any other amounts arising and then due and owing under the Bond Documents and the Loan Documents, including but not limited to deposits or reserves payable under any Loan Document (except to the extent that Borrower did not have the legal right, because of a bankruptcy, receivership or similar judicial proceeding, to direct the disbursement of such sums); (iv) Borrower's failure, following an event of default under any of the Bond Documents and/or the Loan Documents beyond any applicable notice or cure period to deliver to Bondowner Representative on demand all Payments (as defined in the Deed of Trust) (except to the extent that Borrower did not have the legal right because of a bankruptcy, receivership or similar judicial proceeding to direct the disbursement of such sums), books and records relating to the Project; (v) commission of material waste by Borrower (or any general partner, officer, director or agent of Borrower or any guarantor or owner of any collateral as described in the Deed of Trust or the Loan Documents); provided, however, that failure of Borrower to restore or repair the Project after damage or destruction to them shall not be material waste, notwithstanding the availability of insurance proceeds or condemnation awards in connection therewith; and (vi) the presence or release of any "Hazardous Materials" on, in or under the Project.

The Borrower and any general partner of Borrower shall become personally liable for the repayment of all of the Obligations upon the occurrence of any of the following events of default: (i) Borrower's acquisition of any property or operation of any business not permitted by the Deed of Trust; or (ii) a transfer that is a Default under the Deed of Trust.

To the extent that Borrower and/or any general partner of Borrower has personal liability under this Section 15.40, Bondowner Representative may exercise its rights against Borrower

and/or any general partner of Borrower personally without regard to whether Bondowner Representative has exercised any rights against the Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Bondowner Representative under this Loan Agreement, the Note, the Deed of Trust, or applicable law. For purposes of this Section 15.40, the term "Property" shall not include any funds that (A) have been applied by Borrower as required or permitted by the Deed of Trust prior to the occurrence of a Default, or (B) Borrower was unable to apply as required or permitted by the Deed of Trust because of a bankruptcy, receivership, or similar judicial proceeding.

Section 15.41. Purchase Option/Right of First Refusal. Notwithstanding anything to the contrary contained in the Loan Documents, the execution and delivery of a purchase option agreement between Borrower and the General Partner or an affiliate thereof shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder, provided that (a) Bondowner Representative and Issuer give their prior written consent to the exercise of the purchase option and right of first refusal contained in such purchase option or right of first refusal agreement, (b) the purchase option and right of first refusal is subordinated to the Loan, and (c) upon the exercise of such purchase option or first refusal right by the optionee with respect to the Property thereunder, the optionee assumes all of the obligations of Borrower with respect to the Loan, at which time Borrower may be released from its obligations with respect to the Loan.

Section 15.42. Extended Use Agreement. Upon Conversion, Bondowner Representative acknowledges that Borrower and the State of California, acting through TCAC intend to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "Code"). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement required by TCAC is recorded against the Property, Bondowner Representative agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

Section 15.43. Monetary Default. Notwithstanding anything to the contrary contained in the Loan Agreement or the Deed of Trust, if a monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, Bondowner Representative shall give Borrower and the Investor Limited Partner written notice of such default. Borrower shall have such period of time as may be set forth in this Loan Agreement or the Deed of Trust to cure such default prior to exercise of remedies by Bondowner Representative under this Loan Agreement.

Section 15.44. Non-monetary Default. Notwithstanding anything to the contrary contained in the Loan Agreement, if a non-monetary event of default occurs under the terms of this Loan Agreement, prior to exercising any remedies thereunder, Bondowner Representative shall give Borrower and the Investor Limited Partner written notice of such default. Borrower shall have such period of time as may be set forth in this Loan Agreement or the Deed of Trust to

cure such default prior to exercise of remedies by Bondowner Representative under this Loan Agreement.

Section 15.45. Non-discrimination 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 Issuer. 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 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 Issuer's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the 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 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 15.46. Business Tax Registration Certificate. Subject to any exemption available to it, each of Borrower and Bondowner Representative represents that it has obtained or will obtain 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). Solely to the extent applicable to either, for the term covered by this Loan Agreement, Borrower and Bondowner Representative each 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 15.47. 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, Borrower certifies that it will (a) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal owner(s) of Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) 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) maintain such compliance throughout the term of the Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of 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 Borrower to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by Borrower as appropriate, under the terms of the Regulatory Agreement, subjecting (i) 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 Borrower by Issuer. Any subcontract entered into by 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 Borrower to obtain compliance of its subcontractors shall constitute a default by Borrower under the terms of this Loan Agreement, subjecting (i) Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where such failure shall continue for more than 90 days after notice of such failure to 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 hereby affirms that it is fully complying with the earning 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 subsection (b) of the Public Contract Code § 7110.

Section 15.48. Judicial Reference.

(a) At all times from and after the Conversion Date, the parties (except the Issuer) hereto agree that any and all disputes, claims and controversies arising out of the Loan Documents or the transactions contemplated thereby (including, without limitation, actions arising in contract or tort and any claims by a party against Bond Trustee, Bondowner Representative and/or the Issuer related in any way to the Bond or the transactions contemplated hereunder) (a "Dispute") that are brought before a forum in which the pre-dispute waivers of the right to trial by jury set forth in Section 15.19 above are invalid under applicable law shall be subject to the terms of this Section in lieu of the jury trial waivers set forth in Section 15.19 or as otherwise provided in the Loan Documents.

(b) Any and all such Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure § 638 et seq. The parties shall use their respective commercially reasonable and good faith efforts to agree upon and select such referee, who shall be a retired California state or federal judge, provided, however, that the parties shall not appoint a referee that may be disqualified pursuant to California Code of Civil Procedure § 641 or § 641.2 without the prior written consent of all the parties. If the parties are unable to agree upon a referee within 10 calendar days after a party serves written notice of intent for judicial reference upon the other party or parties, then the referee shall be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall render a written

statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The referee's decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644-645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(c) If a Dispute includes multiple claims, some of which are found not subject to this Loan Agreement, the parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Loan Agreement until all other Disputes or parts thereof are resolved in accordance with this Loan Agreement. If there are Disputes by or against multiple parties, some of which are not subject to this Loan Agreement, the parties shall sever the Disputes subject to this Loan Agreement and resolve them in accordance with this Loan Agreement.

(d) Nothing in this Section shall be deemed to apply to or limit the rights of Bond Trustee, Bondowner Representative and/or Issuer (i) to exercise self-help remedies, including, without limitation, setoff, or (ii) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, or (iii) to obtain from a court provisional or ancillary remedies, including, without limitation, injunctive relief, writ(s) of possession, prejudgment attachment, protective order(s) or the appointment of a receiver, or (iv) to pursue rights against a party in a third-party proceeding in any action brought against Bond Trustee, Bondowner Representative and/or Issuer, including, without limitation, actions in bankruptcy court. Bond Trustee, Bondowner Representative and/or Issuer may exercise the foregoing rights before, during or after the pendency of any judicial reference proceeding. The failure to exercise any of the foregoing remedies shall not constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the Dispute giving rise to such remedies. No provision in the Loan Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Section for judicial reference of any Dispute.

(e) During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section, each of the parties to such Dispute shall bear equal share of the fees charged and costs incurred by the referee in performing the services described herein. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorneys' fees, expert witness fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amounts as determined by the referee.

(f) Each party hereto acknowledges and agrees that the provisions of this Section constitute a material inducement to enter into this Loan Agreement, the Loan Documents and to consummate the transactions contemplated thereunder, and that the

parties will continue to be bound by and rely on such provisions in the course of their dealings with regard to any Dispute governed by the provisions of this Section. Each party hereto further warrants and represents that it has reviewed these provisions with legal counsel of its own choosing, or has had the opportunity to do so, and that it knowingly and voluntarily agrees to abide by the provisions of this Section having had the opportunity to consult with legal counsel.

(g) THIS SECTION CONSTITUTES A "REFERENCE AGREEMENT" BETWEEN OR AMONG THE PARTIES WITHIN THE MEANING OF AND FOR THE PURPOSES OF CALIFORNIA CODE OF CIVIL PROCEDURE § 638. IN THE EVENT OF LITIGATION, THIS LOAN AGREEMENT MAY BE FILED AS EVIDENCE OF EITHER OR ALL PARTIES' CONSENT AND AGREEMENT TO HAVE ANY AND ALL DISPUTES HEARD AND DETERMINED BY A REFEREE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE § 638. THE PARTIES ACKNOWLEDGE THAT JUDICIAL REFERENCE PROCEEDINGS CONDUCTED IN ACCORDANCE WITH THIS SECTION WOULD BE CONDUCTED BY A PRIVATE REFEREE ONLY, SITTING WITHOUT A JURY.

Section 15.49. Capital Adequacy. If any owner of the Bond, or any holder of a participating interest in the ownership of the Bond of another person or entity (collectively, a "Bondowner") determines that compliance with any law or regulation or with any guideline or request from any central bank or other governmental agency (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Bondowner, or any corporation controlling such Bondowner, as a consequence of, or with reference to, such Bondowner's or such corporation's commitments or its making or maintaining advances below the rate which such Bondowner or such corporation controlling Bondowner could have achieved but for such compliance (taking into account the policies of such Bondowner or corporation with regard to capital), then Borrower shall, from time to time, within 30 calendar days after written demand by Bondowner Representative or such Participant, pay to such Bondowner additional amounts sufficient to compensate such Bondowner or such corporation controlling such Bondowner to the extent that such Bondowner determines such increase in capital is allocable to such Bondowner's obligations hereunder. A certificate as to such amounts, submitted to Borrower by such Bondowner, shall be conclusive and binding for all purposes, absent manifest error.

Section 15.50. Electronic Transmission of Data. Bondowner Representative and Borrower agree that certain data related to the Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrower and/or Bondowner Representative and their affiliates and other persons involved with the subject matter of this Agreement. Borrower acknowledges and agrees that (a) there are risks associated with the use of electronic transmission and that Lender does not control the method of transmittal or service providers, (b) Bondowner Representative has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such transmission, and (c) BORROWER SHALL RELEASE, HOLD HARMLESS AND INDEMNIFY LENDER FOR, FROM AND AGAINST ANY CLAIM, DAMAGE OR LOSS, INCLUDING THAT ARISING IN WHOLE OR PART

FROM LENDER'S STRICT LIABILITY OR SOLE, COMPARATIVE OR CONTRIBUTORY NEGLIGENCE, WHICH IS RELATED TO THE ELECTRONIC TRANSMISSION OF DATA.

Section 15.51. Deferred Developer Fee. Borrower shall pay to Thomas Safran & Associates Development, Inc., a California corporation ("Developer"), a developer fee in the amount of \$_____.00 ("Developer Fee"). A portion of the Developer Fee as set forth on Exhibit C shall be paid or be payable to Developer in accordance with the following schedule: [TO BE UPDATED: (i) \$_____.00 upon closing of the Loan. Lender shall have the right to apply the Developer Fee to the costs of construction of the Improvements if Lender determines in its reasonable discretion that there are insufficient Loan funds remaining to complete the Improvements as required by this Agreement. The deferred developer fee in the amount of \$_____.00 ("Deferred Developer Fee") shall be paid to Developer in accordance with the terms of the Partnership Documents, including specifically the Development Fee Agreement executed by Borrower and Developer pursuant to the following schedule as set forth in the Partnership Documents: (i) \$_____.00 upon lien-free completion, Conversion and disbursement of the Third Installment as defined in the Partnership Documents; (ii) \$_____.00 upon receipt of the from 8609 and the disbursement of the Fourth Installment as defined in the Partnership Documents; (iii) \$_____.00 upon the receipt of Borrower's first year tax return and the disbursement of the Fifth Installment; and (iv) \$_____.00 from Cash Flow in accordance with the Partnership Documents.]]

IN WITNESS WHEREOF, Issuer, Borrower and Bondowner Representative have executed this Loan Agreement as of the date appearing on the first page of this Loan Agreement.

ISSUER:

Approved as to form:

CITY OF LOS ANGELES

MICHAEL N. FEUER, City Attorney

By Los Angeles Housing and Community
Investment Department

By _____
Name: _____
Assistant/Deputy City Attorney

By _____
Sean L. Spear
Authorized Officer

Issuer's Address:

City of Los Angeles
Housing and Community Investment
Department
8th Floor
1200 West 7th Street
Los Angeles, CA 90017
Attention: Supervisor, Affordable Housing
Bond Program

BONDOWNER REPRESENTATIVE:

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By _____
Christian von Merkatz
Vice President

Bondowner Representative's Address:

Wells Fargo Bank, National Association
Community Lending and Investment
MAC #20164-075
333 S. Grand Avenue, 9th Floor
Los Angeles, CA 90071
Tel. No.: 213-358-7496
Fax No.: 866-512-6958
Attention: Loan Administration Officer

With a copy to:

California Community Reinvestment
Corporation
Suite 1000
100 West Broadway
Glendale, CA 91210
Attention: President

BORROWER:

MCCADDEN PLAZA, L.P.,
a California limited partnership

By: McCadden Campus LLC,
a Delaware limited liability company
Its Managing General Partner

By: Los Angeles LGBT Center,
a California nonprofit public benefit
corporation
Its Sole Member

By: _____
Michael J. Holtzman
Chief Financial Officer

By: McCadden Plaza Affordable Housing, LLC,
a California limited liability company
Its Administrative General Partner

By: _____
Andrew Gross, President

Borrower's Address:

McCadden Plaza, L.P.
c/o McCadden Plaza Affordable Housing, LLC
11812 San Vicente Blvd., Suite 600
Los Angeles, CA 90049
Attention: President

With a copy to:

McCadden Campus LLC
c/o Los Angeles LGBT Center
1125 N. McCadden Place
Los Angeles, CA 90038
Attention: President

And a copy to:

Wells Fargo Affordable Housing Community
Development Corporation
One Wells Fargo Center
301 South College Street
MAC: D1053-170
Charlotte, NC 28288
Attention: Director of Tax Credit Asset
Management

And a copy to:

Joel Hjelmaas, Counsel
Wells Fargo Bank, National Association
MAC X2401-06T
6th Floor
1 Home Campus
Des Moines, IA 50328-0001

EXHIBIT A

DESCRIPTION OF PROPERTY

Exhibit A to Loan Agreement between MCCADDEN PLAZA, L.P., a California limited partnership, as “Borrower”, CITY OF LOS ANGELES, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as “Bondowner Representative,” dated as of , 2018.

All that certain real property located in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

[INSERT]

EXHIBIT B

DOCUMENTS

Exhibit B to Loan Agreement between MCCADDEN PLAZA, L.P., a California limited partnership, as “Borrower”, CITY OF LOS ANGELES, CALIFORNIA, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as “Bondowner Representative” dated as of , 2018.

1. **Loan Documents.** The documents listed below, numbered 1.1 through 1.28 inclusive, and amendments, modifications and supplements thereto which have received the prior written consent of Bondowner Representative, together with any documents executed in the future that are approved by Bondowner Representative and that recite that they are “Loan Documents” for purposes of this Loan Agreement are collectively referred to herein as the Loan Documents.

1.1 This Loan Agreement.

1.2 Promissory Note together with an Allonge executed by Issuer in favor of Bond Trustee.

1.3 Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith executed by Borrower, as Trustor, to Title Company, as Trustee, for the benefit of Bond Trustee, as Beneficiary.

1.4 Assignment of Deed of Trust and Loan Documents of even date herewith executed by the Issuer in favor of Bond Trustee.

1.5 Pledge and Security Agreement of even date herewith executed by Borrower and General Partner, as debtors, in favor of Bondowner Representative.

1.6 Uniform Commercial Code – National Financing Statements – form UCC 1 (Deed of Trust), dated of even date herewith showing Borrower, as Debtor, and Bond Trustee, as Secured Party (for filing in California).

1.7 Uniform Commercial Code – National Financing Statement – form UCC 1 (Tax Credits), dated of even date herewith showing Borrower, as Debtor, General Partner, as Additional Debtor, and Bondowner Representative, as Secured Party (for filing in California).

1.8 Assignment of Construction Contracts of even date herewith executed by Borrower and Contractor in favor of Bondowner Representative.

1.9 Assignment of Architectural Agreements and Plans and Specifications of even date herewith executed by Borrower and Architect in favor of Bondowner Representative.

Exhibit B

1.10 Assignment of Management Agreement of even date herewith executed by Borrower in favor of Bondowner Representative.

1.11 Assignment of Housing Assistance Payments Contract, Agreement to Enter Into Housing Assistance Payments Contract and Housing Assistance Payments executed by Borrower in favor of Bondowner Representative.

1.12 Consent to Assignment of AHAP Contract as Security For Financing.

1.13 Copartnership, Joint Venture or Association Borrowing Certificate of even date herewith executed by General Partner.

1.14 Limited Liability Company Certificate Authorizing Partnership Activity of even date herewith executed by the Sole Member of the Managing General Partner.

1.15 Limited Liability Company Certificate Authorizing Partnership Activity of even date herewith executed by the Manager of the Administrative General Partner.

1.16 Corporate Resolution Authorizing Limited Liability Company Activity executed by the Secretary of LA LGBT.

1.17 Incumbency Certificate executed by the Secretary and authorized officers of LA LGBT.

1.18 Incumbency Certificate executed by the Secretary and authorized officers of TSADI.

1.19 Agreement for Disbursement Prior to Recording of even date herewith by and between Borrower and Bondowner Representative.

1.20 Disbursement Instruction Agreement of even date herewith executed by Borrower in favor of Bondowner Representative

1.21 Subordination Agreement (City Loan) dated as of even date herewith, by and among City, Borrower, Bond Trustee and Bondowner Representative.

1.22 Subordination Agreement (City of West Hollywood) dated as of even date herewith, by and among City of West Hollywood, Borrower, Bond Trustee and Bondowner Representative.

1.23 Subordination Agreement (CDC) dated as of even date herewith, by and among LACDC, Borrower, Bond Trustee and Bondowner Representative.

1.24 Subordination Agreement (Purchase Option Agreement to Deed of Trust) dated as of even date herewith, by and among Borrower, General Partner, Bond Trustee and Bondowner Representative.

1.25 Bond Purchase Agreement of even date herewith, executed by and among Bondowner Representative, CCRC and Borrower.

1.26 Promissory Note (Delivery Assurance Fee) dated of even date herewith by Borrower in favor of Lender.

1.27 Delivery Assurance Fee Multifamily Deed of Trust, Security Agreement and Fixture Filing, dated of even date herewith by Borrower for the benefit of CCRC.

1.28 Replacement Reserve Agreement of even date herewith executed by Borrower and Bondowner Representative.

2. Other Related Documents (Which Are Not Loan Documents):

2.1 Completion Guaranty of even date herewith executed by Guarantor, as Guarantor, in favor of Bondowner Representative.

2.2 Repayment Guaranties of even date herewith executed by Guarantor, as Guarantor, in favor of Bondowner Representative.

2.3 Hazardous Materials Indemnity Agreement (Unsecured - Borrower) dated of even date herewith executed by Borrower as Indemnitor in favor of Bondowner Representative, Issuer and the Bond Trustee.

2.4 Hazardous Materials Indemnity Agreement (Unsecured - Guarantor) dated of even date herewith executed by Guarantor as Indemnitor in favor of Bondowner Representative, Issuer and the Bond Trustee.

2.5 Limited Liability Company Certificate Authorizing the Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the Sole Member of the Managing General Partner.

2.6 Limited Liability Company Certificate Authorizing the Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the Manager of the Administrative General Partner.

2.7 Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property And Certificate of Incumbency executed by the Secretary of LA LGBT.

2.8 Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property And Certificate of Incumbency executed by the Secretary of TSADI.

2.9 Certification of Trust executed by Thomas L. Safran, as trustee of The Thomas L. Safran Living Trust.

3.0 Opinion of Borrower's Legal Counsel dated as of the Effective Date, executed by Borrower's Legal Counsel on behalf of Borrower, Guarantors and Indemnitors, in favor of Issuer, Bond Trustee and Bondowner Representative and their successors and assigns.

3.1 Opinion of Bond Counsel.

3.2 Any Swap Agreement between Bondowner Representative and Borrower.

DRAFT

EXHIBIT C
FINANCIAL REQUIREMENT ANALYSIS

Exhibit C to LOAN AGREEMENT between MCCADDEN PLAZA, L.P., a California limited partnership, as “Borrower”, CITY OF LOS ANGELES, CALIFORNIA, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as “Bondowner Representative” dated as of , 2018.

The Financial Requirement Analysis set forth herein represents an analysis of the total costs necessary in Borrower’s estimation to perform Borrower’s obligations under the Loan Documents. Column A, “Original Budget,” sets forth Borrower’s representation of the maximum costs for each Item specified in Column A. Column B, “Deferred Costs” sets forth Borrower’s representation of costs that Borrower has paid or has caused to be paid from other sources of funds for each Item specified in Column B. Column C, “Net Construction Budget” sets forth the portion of the Loan and Borrower’s Funds which has been allocated for each Item specified in Column C and will be disbursed pursuant to the terms, covenants, conditions and provisions of Exhibit D of this Loan Agreement and the Loan Documents. Unless specified otherwise, all reference to Columns or Items in this Loan Agreement refer to Columns or Items in this Exhibit C.

[INSERT]

DRAFT

EXHIBIT D

[[TO BE UPDATED: DISBURSEMENT PLAN

Exhibit D to LOAN AGREEMENT between MCCADDEN PLAZA, L.P., a California limited partnership, as “Borrower”, CITY OF LOS ANGELES, CALIFORNIA, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns as “Bondowner Representative” dated as of _____, 2018.

1. **Timing of Disbursement.** Unless another provision of this Loan Agreement specifies otherwise, on or about the last day of each month, or at such other times as Bondowner Representative may approve or determine more appropriate, Borrower shall submit to:

Wells Fargo Bank, National Association
Minneapolis Loan Center
MAC #N9300-091
9th Floor
600 South 4th Street
Minneapolis, MN 55415
Attention: Disbursement Administrator

and to Bond Trustee at:

U.S. Bank National Association
633 W. 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Julia Hommel
Ref: McCadden Campus Senior Housing

a written itemized statement, signed by Borrower (“Application for Payment”) setting forth:

1.1 A description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested with respect to any line item (“Item”) shown in Column D (“Disbursement Budget”) of the Financial Requirement Analysis attached as Exhibit C to this Loan Agreement.

1.2 The total amount incurred, expended and/or due for each requested Item less prior disbursements.

1.3 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with all the conditions precedent to a disbursement specified in this Loan Agreement.

1.4 Bondowner Representative shall have the right to require that Disbursements shall be made, after satisfaction of the conditions contained in this Exhibit D and the Disbursement Plan. Disbursement of Bond proceeds shall be made to

Exhibit D

the Construction Fund (as defined in the Indenture), pursuant to a requisition provided in accordance with the Indenture, into Borrower's demand deposit account at Wells Fargo Bank, National Association, account number [REDACTED].

1.5 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with the Issuer's prevailing wage requirements as set forth in the Regulatory Agreement.

2. **Bondowner Representative's Right to Condition Disbursements.** Bondowner Representative shall have the right to condition any disbursement upon Bondowner Representative's receipt and approval of the following:

2.1 the Application for Payment and an itemized requisition for payment of line items shown in the Disbursement Budget as hard costs ("Hard Costs");

2.2 bills, invoices, documents of title, vouchers, statements, payroll records, receipts and any other documents evidencing the total amount expended, incurred or due for any requested Items;

2.3 evidence of Borrower's use of a lien release, joint check and voucher system acceptable to Bondowner Representative for payments or disbursements to any contractor, subcontractor, materialman, supplier or lien claimant;

2.4 architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and Specifications and governmental requirements based upon any such architect's, inspector's and/or engineer's periodic physical inspections of the Property and Improvements;

2.5 waivers and releases of any mechanics' lien, stop notice claim, equitable lien claim or other lien claim rights;

2.6 evidence of Borrower's compliance with the provisions of the Articles and Sections of this Loan Agreement entitled Construction and Authority/Enforceability;

2.7 a written release executed by any surety to whom Bondowner Representative has issued or will issue a set-aside letter and/or any public entity or agency which is a beneficiary under any instrument of credit or standby letter of credit which Bondowner Representative has issued or will issue with respect to the Loan;

2.8 valid, recorded Notice(s) of Completion for the Improvements or any portions of the Improvements for which Notice(s) of Completion may be recorded under applicable law;

2.9 Certificate of Substantial Completion from the Architect and Engineer, if any, prior to the final retention disbursement or the final stage disbursement of Hard Costs, as applicable;

2.10 evidence satisfactory to Bondowner Representative that the Permanent Bondowner Representative, if any, has approved the completed Improvements and that all conditions precedent to the initial funding of the permanent financing, if any, have been satisfied prior to the final retention disbursement or the final stage disbursement of Hard Costs, as applicable;

2.11 any other document, requirement, evidence or information that Bondowner Representative may request under any provision of the Loan Documents;

2.12 evidence that any goods, materials, supplies, fixtures or other work in process for which disbursement is requested have been incorporated into the Improvements;

2.13 in the event that any Application for Payment includes the cost of materials stored on the Property ("Onsite Materials"), such Application for Payment shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Property for which adequate security is provided against theft and vandalism; and

2.14 in the event any Application for Payment includes the cost of materials stored at a location other than the Property ("Offsite Materials"), such Application for Payment shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility and have been appropriately marked to indicate Borrower's ownership thereof and Bondowner Representative's security interest therein; and (b) evidence that the Offsite Materials are insured as required by this Loan Agreement; and (c) at Bondowner Representative's request, a security agreement, financing statement and/or subordination agreement in form and substance satisfactory to Bondowner Representative executed by the supplier of the Offsite Materials, and/or such other persons as Bondowner Representative determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bondowner Representative may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

Borrower acknowledges that this approval process may result in disbursement delays and Borrower hereby consents to all such delays.

Borrower further acknowledges that all disbursements are subject to the prior written consent of the Issuer in the manner and to the extent set forth in Section 3.03 of the Indenture.

3. **Disbursement of Land Costs.** The portion of the Disbursement Budget totaling \$__.00 has been disbursed to or for the benefit or account of Borrower for the payment of Land Costs.

4. **Disbursement of Land/Acquisition Costs.** The portion of the Disbursement Budget totaling \$__.00 has been disbursed to or for the benefit or account of Borrower for the payment of Land/Acquisition Costs.

5. **Disbursement of Hard Construction Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Hard Construction Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

6. **Disbursement of Demolition and Site Clearing Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Demolition and Site Clearing Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

7. **Disbursement of Sitework & Utilities Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for Borrower's Sitework & Utilities Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

8. **Disbursement of Off-Site Improvements Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Off-site Improvements Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

9. **Disbursement of Landscape & Hardscape Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Landscape & Hardscape Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and

Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

10. **Disbursement of Grading Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Grading Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

11. **Disbursement of Parking Garage and Sitework Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Parking Garage and Sitework Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

12. **Disbursement of Offsite & Other Site Work Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Offsite & Other Site Work Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

13. **Disbursement of General Conditions Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the General Conditions Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

14. **Disbursement of Furnishing Included In Contractor Overhead and Profit Costs.** As construction progresses, the Portion of the Disbursement Budget totaling \$__.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the Contractor Overhead and Profit Costs. Items up to 90% of the maximum amount allocated for such Item less prior disbursements. The remaining 10% ("Retention") shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in

accordance with the Plans and Specifications, governmental requirements, the statutory lien period has expired, and Bondowner Representative has received a 101.2 Mechanic's Lien Free Endorsement to the Title Policy.

15. **Disbursement of Payment & Performance Bond Costs.** The Portion of the Disbursement Budget totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the Payment & Performance Bond Costs.

16. **Disbursement of GC Contingency Costs.** The Portion of the Disbursement Budget totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the GC Contingency Costs.

17. **Hard Costs Construction Contingency.** The Portion of the Disbursement Budget totaling \$__.00 allocated for the payment of Hard Cost Construction Contingencies, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of Borrower for cost overruns that have been approved by Bondowner Representative for Hard Cost Items and disbursed in accordance with Paragraphs 5 through 16 hereof depending upon the intended use of any such funds.

18. **Disbursement of GC Insurance Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of GC Insurance Costs.

19. **Disbursement of DAS Fire System Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of DAS Fire System Costs.

20. **Disbursement of Architectural and Engineering Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Architecture Costs.

21. **Disbursement of Entitlement Processing Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Entitlement Processing Costs.

22. **Disbursement of Building Permits Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Building Permits Costs.

23. **Disbursement of Impact Fees Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Impact Fees Costs.

24. **Disbursement of Utility Services and Other Fees Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Utility Services and Other Fees Costs.

25. **Periodic Disbursement of Construction Loan Fees.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Construction Loan Fees relating to the Project.

26. **Periodic Disbursement of Construction Loan Legal Fees and Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Construction Loan Legal Fees and Costs.

27. **Disbursement of Lender Third Party Report Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Lender Third Party Report Costs.

28. **Periodic Disbursement of Construction Loan Interest Reserve.** The portion of the Disbursement Budget totaling \$__.00 allocated as an Interest Reserve, shall be periodically disbursed directly to Bondowner Representative for the payment of interest which accrues and becomes due under the Note. Bondowner Representative shall provide Borrower with a monthly interest statement. Depletion of the Interest Reserve shall not release Borrower from any of Borrower's obligations under the Loan Documents including, without limitation, payment of all accrued and due interest and the deposit of Borrower's Funds with Bondowner Representative pursuant to Section 4.6 of this Agreement.

29. **Disbursement of Title & Recording Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Title & Recording Costs.

30. **Disbursement of Deferred Interest on Soft Loans Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Deferred Interest on Soft Loans Costs.

31. **Periodic Disbursement of Permanent Loan Fees.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Permanent Loan Fees relating to the Project.

32. **Disbursement of Perm Lender Legal Fees Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Perm Lender Legal Fees and Costs.

33. **Disbursement of Permanent Title & Recording Costs and Fees.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Permanent Title & Recording Costs and Fees relating to the Project.

34. **Disbursement of Cost of Bond Issuance Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Cost of Bond Issuance Costs.

35. **Disbursement of Tax Credit Fees Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Tax Credit Fees and Costs.

36. **Periodic Disbursement of RE Taxes During Construction Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of RE Taxes During Construction Costs.

37. **Disbursement of Insurance Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Insurance Costs.

38. **Disbursement of Borrower Legal Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower Legal Costs.

39. **Disbursement of Accounting and Audit Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Accounting and Audit Costs.

40. **Disbursement of Land Use, CEQA Consultants Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Land Use, CEQA Consultants Costs.

41. **Disbursement of Other Consultants Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Other Consultants Costs.

42. **Disbursement of Appraisal Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Appraisal Costs.

43. **Disbursement of Market Study Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Market Study Costs.

44. **Disbursement of Environmental Report Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Environmental Report Costs.

45. **Periodic Disbursement of Soils Report & Geotech Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Soils Report & Geotech Costs.

46. **Disbursement of ALTA Survey Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of ALTA Survey Costs.

47. **Disbursement of Soft Cost Reimbursable Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of Soft Cost Reimbursable Costs.

48. **Disbursement of FF&E Costs.** The portion of the Disbursement Budget initially totaling \$__.00 shall be disbursed into the Account or to or for the benefit or account of Borrower for the payment of FF&E Costs.

49. **Disbursement of Deputy Inspections Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Deputy Inspections Costs.

50. **Disbursement of Marketing/Lease-Up Costs.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Marketing/ Lease-Up Costs.

51. **Disbursement of Operating Reserve.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the capitalization of the Operating Reserve.

52. **Disbursement of Supportive Services Reserve.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the capitalization of the Supportive Services Reserve.

53. **Periodic Disbursement of Developer's Fees.** The portion of the Disbursement Budget initially totaling \$__.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Developer's Fees relating to the Project.

54. **Soft Costs Contingency Reserve.** The portion of the Disbursement Budget allocated for the payment of Soft Cost Contingencies initially totaling \$__.00, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of Borrower for cost overruns that have been approved by Bondowner Representative for Soft Costs Items and disbursed in accordance with Exhibit D hereof, depending upon the intended use of any such funds.

SCHEDULE 1

PRE-CONVERSION DISBURSEMENT PROCEDURE

Borrower, Issuer, Bond Trustee and Bondowner Representative shall follow the procedures and requirements set forth below with respect to disbursements of the Loan at all times before the Conversion Date:

1.1 Submission of Application for Payment. Prior to disbursement of any proceeds of the Loan, Borrower shall simultaneously submit to Issuer, Bond Trustee and Bondowner Representative for approval identical copies of the requisition statement (the "Requisition Statement") in the form attached hereto as Exhibit D-1 and all waivers and lien releases for work or services performed and releases of stop notices and mechanic's liens (if applicable), along with any additional supporting documentation as may be requested by Issuer, Bond Trustee or Bondowner Representative. Bondowner Representative shall have no responsibility or obligation to deliver any of the foregoing, or any other documentation required pursuant to this Section 1.1 to Bond Trustee, Issuer, or any other party. In connection with Borrower's submission of the Requisition Statement, Borrower shall submit to Bondowner Representative a certificate in the form attached hereto as Exhibit D-2, certifying to Bondowner Representative that Borrower has delivered to Issuer and Bond Trustee the items set forth above, and has delivered to Issuer all documents evidencing compliance with the prevailing wage requirements, pursuant to the requirements of any documents relating to any Subordinate Loan Documents, and any items required by the Issuer's Contract Compliance Unit in order to clear any outstanding deficiencies from any prior compliance review of the Project. With respect to each party, the Requisition Statement and all additional and supporting documentation required by such party shall be hereinafter referred to as the "Application for Payment."

1.2 Approval of Application for Payment. Issuer, Bond Trustee and Bondowner Representative shall review each Application for Payment submitted by Borrower. Issuer, Bond Trustee, City and Bondowner Representative shall notify each other and Borrower of each party's approval or disapproval of the Application for Payment within five business days of each party's receipt of such Application for Payment by delivery to each party of the Disbursement/Change Order Approval Notice in the form attached hereto as Exhibit D-3. Bondowner Representative shall have the right to halt its processing of any disbursement pursuant to an Application for Payment until such time as Bondowner Representative has received a Disbursement/Change Order Approval Notice from Issuer and/or Bond Trustee. If Issuer and Bondowner Representative disagree as to the approval of an Application for Payment, they shall meet and confer in good faith, either in-person, by teleconference or electronically, upon the request of any of them, in order to resolve the matter. If Issuer and Bondowner Representative cannot agree upon the approval or disapproval of an Application for Payment following such meeting, Bondowner Representative may approve the Application for Payment or may direct Bond Trustee to withhold disbursement of Loan proceeds until receipt of Issuer's Disbursement/Change Order Approval Notice, as applicable, with respect to such Application for Payment.

1.3 Disbursement of Loan Proceeds. Upon Bondowner Representative's approval of any Application for Payment, and upon receipt of all required notices of approval from Issuer, Bond Trustee, and the Contract Compliance Unit as set forth in Section 1.2 above, Bondowner Representative shall remit to Bond Trustee 90% of the amount of Loan proceeds approved by Bondowner Representative with respect to its review of the Application for Payment and retain the remaining 10% of the Loan Proceeds (the "Retention Funds") until completion of construction of the Project in accordance with the terms of the Loan Agreement. Bond Trustee shall then deposit 90% of the Loan disbursement to Borrower's demand deposit account at Wells Fargo Bank, National Association, account number [REDACTED]. Bondowner Representative shall retain the Retention Funds until completion of construction of the Project in accordance with the terms of the Loan Agreement, at which time Bondowner Representative will remit the Retention Funds to Bond Trustee so that Bond Trustee may disburse the Retention Funds to Borrower at the direction of Bondowner Representative upon Bondowner Representative's receipt of all required approvals of Borrower's Application for Payment therefor in accordance with Section 1.2 above.

EXHIBIT D-1

FORM OF REQUISITION STATEMENT

CONSTRUCTION FUND DISBURSEMENT REQUEST

To: U.S. Bank National Association, as trustee (the "Bond Trustee") under that certain Indenture of Trust, dated as of , 2018 (the "Indenture"), among the Bond Trustee, City of Los Angeles and Wells Fargo Bank, National Association, as the initial Bondholder Representative.

1. You are requested to disburse funds from the Construction Fund pursuant to Section 3.03 of the Indenture as Draw number _____ in the aggregate amount of \$_____ consisting of funds from the following accounts in the following amounts:

Bond Proceeds Account: \$

Equity Account: \$

for disbursement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. Capitalized terms not defined herein have the meanings assigned thereto in the Indenture.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the acquisition, construction or equipping of the Project, each item is a proper charge against the Construction Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Issuance Costs or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 95% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Bond plus (B) all amounts allocated to

the Bond previously disbursed from the Construction Fund, have been or will be applied by the Owner to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Loan Agreement or, to our knowledge, a default under the Indenture; and

(vii) such requisition complies with all applicable requirements of the Regulatory Agreement including, without limitation, Section 7(j) thereof, as well as with all applicable requirements of the Loan Agreement and the Tax Certificate.

3. The Owner has obtained written consent of the Bondowner Representative and the City to this disbursement, as evidenced by their signatures below.

Dated: _____

MCCADDEN PLAZA, L.P.,
a California limited partnership

By: McCadden Campus LLC,
a Delaware limited liability company
Its Managing General Partner

By: Los Angeles LGBT Center,
a California nonprofit public benefit
corporation
Its Sole Member

By: _____
Name: _____
Title: _____

By: McCadden Plaza Affordable Housing
LLC,
a California limited liability company
Its Administrative General Partner

By: _____
Name: _____
Title: _____

APPROVED:
WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By _____
Name _____
Title _____

For City consent requirements, see
Section 3.03(b) of the Indenture.

CITY OF LOS ANGELES, as City

By _____
Name _____
Title _____

DRAFT

EXHIBIT D-2

FORM OF BORROWER'S CERTIFICATE

The undersigned, MCCADDEN PLAZA, L.P., a California limited partnership ("Borrower"), hereby makes the representations and warranties set forth below to WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bondowner Representative"), and its respective successors and assigns, as of _____. Any capitalized term not defined herein shall have the meaning ascribed to such term in that certain Loan Agreement, dated as of _____, 2018 (the "Loan Agreement"), by and among City of Los Angeles ("Issuer") (in its capacity as issuer of its \$_____ City of Los Angeles Multifamily Housing Revenue Bond (McCadden Campus Senior Housing) Series 2018K, Bondowner Representative and Borrower.

(a) Borrower has submitted to Issuer a complete Application for Payment as required pursuant to the terms of the Loan Agreement, along with any additional supporting documentation as may be required by Issuer, including, but not limited to, all documents evidencing compliance with applicable prevailing wage requirements, pursuant to the terms of any documents relating to the Loan, and any items required by the Issuer's Contract Compliance Unit in order to clear any outstanding deficiencies from any prior compliance review of the Project.

(b) Borrower has submitted to Bond Trustee a complete Application for Payment as required pursuant to the terms of the Loan Agreement, along with any additional supporting documentation as may be required by Bond Trustee.

IN WITNESS WHEREOF, Borrower executed this Certificate as of the date first appearing above.

MCCADDEN PLAZA, L.P.,
a California limited partnership

By: McCadden Campus LLC,
a Delaware limited liability company
Its Managing General Partner

By: Los Angeles LGBT Center,
a California nonprofit public benefit
corporation
Its Sole Member

By: _____
Name: _____
Title: _____

By: McCadden Plaza Affordable Housing
LLC,
a California limited liability company
Its Administrative General Partner

By: _____
Name: _____
Title: _____

EXHIBIT D-3

FORM OF DISBURSEMENT/CHANGE ORDER APPROVAL NOTICE

DISBURSEMENT/CHANGE ORDER APPROVAL NOTICE

TO: All Interested Parties

FROM:

RE: Borrower: MCCADDEN PLAZA, L.P.
 Project Name: McCadden Campus Senior Housing
 Property Address: 1127 North Las Palmas Avenue
 Los Angeles, CA 90038

This shall serve as the undersigned's notice of (strike one):

- ☐ APPROVAL of Disbursement/Change Order No. _____.
- ☐ DISAPPROVAL of Disbursement/Change Order No. _____ for the following reasons:

By _____
Name _____
Title _____

Dated _____

EXHIBIT E
TERMINATED DOCUMENTS

Exhibit E to LOAN AGREEMENT between MCCADDEN PLAZA, L.P., a California limited partnership, as “Borrower”, CITY OF LOS ANGELES, CALIFORNIA, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as “Bondowner Representative” dated as of , 2018.

- 1) Pledge and Security Agreement
- 2) UCC-1 Financing Statement (Tax Credits)
- 3) Completion Guaranty
- 4) Repayment Guaranty
- 5) Assignment of Development Fee Agreement

INDENTURE OF TRUST

by and among

CITY OF LOS ANGELES,
as Issuer

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Initial Bondowner Representative

Dated as of [December 1, 2018]

relating to:

[\$25,000,000]
City of Los Angeles
Multifamily Housing Revenue Bond
(McCadden Campus Senior Housing)
Series 2018K

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of [December 1, 2018] (this “Indenture”), is by and among the **CITY OF LOS ANGELES**, 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 (herein called the “City”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as Trustee hereunder (herein called the “Trustee”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as initial purchaser of the Bond hereunder (herein called the “Bondowner Representative”).

WITNESSETH:

WHEREAS, pursuant to Section 248 of the City Charter of the City of Los Angeles 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 (the “Act”), the City is empowered to issue bonds to finance the acquisition, construction and development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, the City proposes to issue pursuant to the Law and in accordance with the Act, its Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K (the “Bond”); and

WHEREAS, McCadden Plaza, L.P., a California limited partnership (the “Borrower”), has applied to the City 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 a 98-unit (including one manager unit) multifamily senior rental housing project located at 1118 North McCadden Place, Los Angeles, California, known as McCadden Campus Senior Housing (the “Project”); and

WHEREAS, the provision of the Loan (as hereinafter defined), is authorized by the Law and the Act and will accomplish a valid public purpose of the City, and the City has determined that it is in the public interest to issue the Bond in the maximum principal amount of \$[25,000,000] funded with the proceeds of the Bond for the purpose of providing funding necessary for the acquisition, construction and equipping of the Project; and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) among the City, the Bondowner Representative and the Borrower, the City has agreed to issue the Bond and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (a) apply the proceeds of the Loan to pay a portion of the costs of acquisition, construction and equipping of the Project, (b) make payments sufficient to pay the principal of and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise) and (c) observe the other covenants and agreements and make the other payments set forth therein; 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 City has authorized the execution and delivery of this Indenture; and

WHEREAS, the City has determined that all conditions, things and acts required by the Act, and by all other laws of the State of California, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bond exist, have happened, and have been performed in due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bond for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, the City has determined that all acts and proceedings required by law necessary to make the Bond, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the City, 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;

A G R E E M E N T:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, the Bond at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bond is to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bond by the owner thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the City covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective registered owner from time to time of the Bond, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

The term “**Act**” shall mean Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California as in effect on the Closing Date.

The term “**Affiliate**” shall mean, as to any person, any other person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such person.

The term “**Agreement**” or “**Loan Agreement**” shall mean the Loan Agreement, dated as of [December 1, 2018], among the City, the Borrower and the Bondowner Representative, pursuant to

which the City agrees to lend the proceeds of the Bond to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term “**Annual Fee**,” when used with reference to the City, means the City’s ongoing annual fee as set forth in Section 7(n) of the Regulatory Agreement.

The term “**Authorized Amount**” shall mean \$[25,000,000], the authorized maximum principal amount of the Bond.

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

The term “**Authorized City Representative**” shall mean 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 City designated to perform a specified act, to sign a specified document or to act generally, on behalf of the City 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 of the Los Angeles Housing and Community Investment Department and contains the specimen signature of such other officer or employee of the City.

The term “**Authorized Borrower Representative**” shall mean any person who at the time and from time to time may be designated as such, by written certificate furnished to the City, the Bondowner Representative and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by a managing member or general partner of the Borrower, as applicable, which certificate may designate an alternate or alternates and such persons as designated in the Loan Agreement.

The term “**Bond**” shall mean the City of Los Angeles Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K, issued and Outstanding hereunder.

The term “**Bond Counsel**” shall mean (i) Kutak Rock LLP, or (ii) any attorney at law or other firm of attorneys selected by the City, of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

The term “**Bond Fund**” shall mean the fund by that name established pursuant to Section 5.02 hereof.

The term “**Bond Purchase Agreement**” means the Bond Purchase Agreement, dated as of [_____, 2018], among the Borrower, the Bondowner Representative and CCRC, pursuant to

which and subject to the terms and conditions of which, CCRC has agreed to purchase up to \$[_____] in principal amount of the Bond on the Conversion Date.

The term “**Bond Year**” shall mean the one-year period beginning on [December 1] in each year and ending [November 30] in the following year, except that the first Bond Year shall begin on the Closing Date and end on [November 30, 2019].

The term “**Bondowner Representative**” shall mean (a) initially, Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, prior to the Conversion Date, and, on and after the Conversion Date, CCRC or (b) any successor entity that is the owner of the Bond or any entity selected by the owner of the Bond.

The term “**Borrower**” or “**Partnership**” shall mean McCadden Plaza, L.P., a California limited partnership, and its respective successors and assigns under the applicable provisions of the Loan Agreement and the Regulatory Agreement.

The term “**Business Day**” means a day of the week (but not a Saturday, Sunday, or holiday) on which the offices of Lender are open to the public for carrying on substantially all of Lender’s business functions.

The term “**CCRC**” shall mean California Community Reinvestment Corporation, a California nonprofit public benefit corporation, or any assignee of an assignment by the California Community Reinvestment Corporation to (a) Fannie Mae or Freddie Mac, (b) a member bank in the California Community Reinvestment Corporation, or (c) a fund established and managed by California Community Reinvestment Corporation or by a single member limited liability company in which California Community Reinvestment Corporation is the sole member and in which all investors in such fund are banks, insurance companies or other financial institutions or affiliates of such entities, each of which is a Sophisticated Investor and has net assets of not less than \$5,000,000,000.00 and any successors or assigns of the foregoing.

The term “**Certificate of the City**” shall mean a certificate of the City signed by an Authorized City Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

The term “**Certified Resolution**” shall mean a copy of a resolution of the City, certified by the Clerk of the City, to have been duly adopted by the City and to be in full force and effect on the date of such certification.

The term “**City**” shall mean the City of Los Angeles, a municipal corporation and charter city of the State of California, duly organized and existing under its charter and the Constitution and laws of the State of California, the issuer of the Bond hereunder, and its successors and assigns.

The term “**Closing Date**” shall mean the date of initial delivery of the Bond and funding of the Initial Disbursement of the proceeds thereof.

The term “**Code**” or “**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (a) the regulations promulgated by the United States Department of the Treasury under such section,

(b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

The term “**Construction Fund**” shall mean the fund by that name established pursuant to Section 3.03 hereof.

The term “**Control**” shall mean, with respect to any person, either (i) ownership directly or through other entities 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.

The term “**Conversion**” shall have the meaning contained in Section 3.05 of the Loan Agreement.

The term “**Conversion Date**” shall mean the date on which the registered owner of the Bond becomes CCRC by reason of its purchase of the Bond on such date pursuant to the Bond Purchase Agreement.

The term “**Costs of Issuance Fund**” shall mean the Costs of Issuance Fund created pursuant to Section 3.04.

The term “**Debt Service**” shall mean the scheduled amount of interest and amortization of principal payable on the Bond during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

The term “**Deed of Trust**” shall mean the Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing, executed by the Borrower in favor of the City (and assigned by the City to the Trustee) for the purpose of securing the obligations of the Borrower under the Loan Agreement, as such deed of trust may be originally executed or as from time to time supplemented or amended.

The term “**Default Rate**” shall mean the interest rate then in effect on the Bond plus 5%, not to exceed the Maximum Rate.

The term “**Disbursed Amount**” means the portion of the Loan and the Bond funded and Outstanding from time to time, as indicated on the Bond and in the records of the Trustee.

The term “**Event of Default**” as used herein with respect to defaults under the Loan Agreement shall have the meaning specified in Section 1.01 thereof.

The term “**Fair Market Value**” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s-length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s-length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for

example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

The term “**Holder**,” “**holder**,” “**Bondholder**,” “**owner**,” or “**Bondowner**” shall mean the person in whose name the Bond is registered.

The term “**Indenture**” shall mean this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term “**Initial Disbursement**” means the initial advance of the proceeds of the Bond on the Closing Date in an amount equal to at least \$50,001.

The term “**Interest Payment Date**” shall mean the first Business Day of each month, commencing [January 2, 2019].

The term “**Investment Securities**” shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Trustee and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

(a) United States Treasury notes, bonds, bills, or those for which the full faith and credit of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, are pledged for the payment of principal and interest (including State and Local Government Series);

(b) shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, (2) whose only investments are in (i) securities described in the preceding clause (a), (ii) general obligation tax-exempt securities rated “A” or better by the Rating Agency, or (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities if the repurchase agreements or reverse repurchase agreements are entered into only with those primary reporting dealers to report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks, and (3) which are rated “Am” or “Am-g” or better by the Rating Agency, including money market funds for which the Trustee and its affiliates provide investment advisory or other management services;

(c) any security which is a general obligation of any state or any local government with taxing powers which is rated “A” or better by the Rating Agency;

(d) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated “A-1” by the Rating Agency and matures in 270 days or less; or

(e) any other investment which is a lawful investment for funds of the City hereunder approved in writing by the Bondowner Representative.

The term “**Investor Letter**” shall mean a letter from a purchaser of the Bond in the form of Exhibit B hereto.

The term “**Issuance Costs**” shall mean all costs and expenses of issuance of the Bond, including, but not limited to: (a) underwriters’ discount and fees; (b) counsel fees, including bond counsel and Borrower’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bond or the Loan; (c) the City’s issuance fee (being 0.25% of the original authorized principal amount of the Bond) plus expenses incurred in connection with the issuance of the Bond, including fees of any counsel or advisor to the City, and the City administrative fee for processing the request of the Borrower to issue the Bond; (d) Bondowner Representative’s fees and Bondowner Representative’s counsel fees; (e) Trustee’s fees and Trustee’s counsel fees; (f) paying agent’s and certifying and authenticating agent’s fees related to issuance of the Bond; (g) accountant’s fees related to issuance of the Bond; (h) fees and expenses of Lender’s counsel; (i) publication costs associated with the financing proceedings; and (j) costs of engineering and feasibility studies necessary to the issuance of the Bond.

The term “**Law**” shall mean 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 supplemented and amended to the Closing Date.

The term “**Lender**” shall mean initially Wells Fargo Bank, National Association and upon purchase of the Bond or the Loan (pursuant to Section 4.04) by CCRC pursuant to the Bond Purchase Agreement, means CCRC, and each of their respective successors and assigns as owner of the Bond or Loan.

The term “**Loan**” shall mean the loan of the proceeds of the Bond made by the City to the Borrower pursuant to the Loan Agreement for the purpose of financing the acquisition, construction and equipping by the Borrower of the Project.

The term “**Loan Documents**” shall have the meaning given such term in the Loan Agreement.

The term “**Maturity Date**” shall mean [_____].

The term “**Maximum Rate**” shall mean the lesser of (i) 12% per annum or (ii) the maximum interest rate permitted by law.

The term “**Note**” shall mean the promissory note evidencing the obligation of the Borrower to repay the Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

The term “**Opinion of Counsel**” shall mean a written opinion of counsel, who may be counsel for the City, Bond Counsel, counsel for the Trustee or counsel for the Bondowner Representative.

The term “**Outstanding**,” when used as of any particular time with reference to the Bond, shall mean a principal amount of the Bond equal to the purchase price paid by the Bondowner Representative to the Trustee under this Indenture except:

(a) Any portion of the Bond theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Any portion of the Bond for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.01) shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bond); and

(c) A Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.05.

The term “**Person**” or “**person**” shall mean an individual, a limited liability company, a corporation, a partnership, a limited partnership, a limited liability partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

The term “**Principal Office**” shall mean the principal office of the Trustee located at the address set forth in Section 11.06 hereof, or at such other place as the Trustee shall designate by notice given under said Section 11.06.

The term “**Principal Payment Date**” shall mean any date on which principal of the Loan is due and payable under the Note.

The term “**Project**” means the multifamily rental housing facility to be acquired and constructed by the Borrower with the proceeds of the Loan located at 1118 North McCadden Place in the City of Los Angeles, California, including structures, buildings, fixtures or equipment, as it may at any time exist, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the land on which such housing is situated.

The term “**Project Costs**” has the meaning given such term in the Regulatory Agreement.

The term “**Qualified Project Costs**” shall have the meaning ascribed thereto in the Regulatory Agreement.

The term “**Rating Agency**” shall mean Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies Inc., or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the City.

The term “**Rebate Analyst**” shall mean (i) Kutak Rock LLP, or (ii) any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected by and at the expense of the Borrower, with the prior written consent of the City, to make the computations required under this Indenture and the Loan Agreement.

The term “**Rebate Fund**” shall mean the Rebate Fund created pursuant to Section 6.07.

The term “**Redemption Date**” shall mean any date designated as a date upon which the Bond is to be redeemed pursuant to this Indenture.

The term “**Regulations**” shall mean the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term “**Regulatory Agreement**” shall mean that Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, by and among the City, the Trustee and the Borrower related to the Project, as amended, supplemented or restated from time to time.

The term “**Reserved Rights**” means those certain rights of the City, its officers, council members, other elected officials, attorneys, accountants, employees, agents and consultants under the Loan Documents to indemnification and to payment or reimbursement of fees and expenses of the City, including the City’s Annual Fee, as well as the fees and expenses of counsel and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorney’s fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act, the Law and the rules and regulations of the City), its rights to give or withhold consent to amendments, changes, modifications and alterations to the Loan Documents as specifically set forth herein and therein, and to the extent not included above, the rights specifically reserved by the City under this Indenture and the Regulatory Agreement.

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

The term “**Responsible Officer**” of the Trustee or the Bondowner Representative shall mean any officer of the Trustee or the Bondowner Representative, as the case may be, assigned to administer its duties hereunder.

The term “**Revenues**” means all amounts pledged hereunder to the payment of principal of and premium, if any, and interest on the Bond, consisting of any repayments of the Loan required or permitted to be made by the Borrower pursuant to Sections 3.03(a) through (d), (f) and (i) of the Loan Agreement; but such term shall not include payments to the United States, the City, the Trustee or the Bondowner Representative pursuant to Sections 2.03, 3.03(g), 3.03(h), 3.04, 3.16, 9.05, 11.38, 11.43, 11.45(c) and 15.01 of the Loan Agreement, Section 6.07 or 8.06 hereof or pursuant to the Regulatory Agreement.

The term “**Sophisticated Investor**” means: (i) Wells Fargo Bank, N.A.; (ii) any Affiliate of Wells Fargo Bank, N.A.; (iii) a “qualified institutional buyer” (a “QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as amended; (iv) or a commercial bank having a minimum capital and surplus of \$5,000,000,000; or (iv) CCRC.

The term “**supplemental indenture**” or “**indenture supplemental hereto**” shall mean any indenture hereafter duly authorized and entered into by and among the Bondowner Representative, the City and the Trustee in accordance with the provisions of this Indenture.

The term “**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 and executed and delivered by the City and the Borrower on the Closing Date.

The term “**Variable Rate**” has the meaning ascribed to the term “One Month LIBO Rate” in the Note.

The terms “**Written Consent**,” “**Written Demand**,” “**Written Direction**,” “**Written Election**,” “**Written Notice**,” “**Written Order**,” “**Written Request**” and “**Written Requisition**” of the City or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the City by an Authorized City Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BOND

Section 2.01. Authorization. There is hereby authorized to be issued a bond of the City designated as “City of Los Angeles Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K” in the initial aggregate principal amount of up to \$[25,000,000], subject to funding over time, as provided herein. No Bond may be issued hereunder except in accordance with this Article. The maximum aggregate principal amount of the Bond which may be issued and Outstanding under this Indenture shall not exceed the Authorized Amount.

Section 2.02. Terms of Bond. The Bond shall be substantially in the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

The Bond shall be issuable only as a single fully registered Bond, without coupons in the principal amount equal to the aggregate of the purchase price of the Bond advanced from time to time by the owner of the Bond (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement). Notwithstanding the foregoing, no purchase price of the Bond shall be funded after the earlier of December 31, 2021 or the Conversion Date. The Bond shall be dated the Closing Date, shall mature on [_____], and shall be subject to redemption prior to maturity as provided in Article IV.

The Bond shall bear interest, payable on each Interest Payment Date, from the Closing Date to the Conversion Date at the Variable Rate as determined by the Bondowner Representative pursuant to the terms of the Note (subject to such exceptions and conditions as are set forth in the Note) and communicated to the Borrower, the Trustee and the Bondowner on the Closing Date and promptly following the first day of each calendar month and from the Conversion Date to the Maturity Date, at the interest rate set forth in the Note applicable from and after the Conversion Date. Notwithstanding the foregoing, the Bond shall bear interest at the rate set forth in Section 11.41 of the Loan Agreement under the conditions set forth in that Section and upon the occurrence of an Event of Default under the Loan Agreement, the Bond shall bear interest at the Default Rate. In no event may the interest rate on the Bond exceed the Maximum Rate. Prior to the Conversion Date, interest on the Bond shall be computed on the basis of a 360-day year and actual days elapsed, and from and after the Conversion Date, interest on the Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Bond shall bear interest 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 Bond shall be issued as a certificated instrument and shall not be held in book-entry form. On the Closing Date, the Trustee shall authenticate and deliver the Bond to Wells Fargo Bank, N.A., as the initial registered owner.

Section 2.03. Payment of Bond. Payment of the principal of and interest on the Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of any registered owner of Bond, make payments of principal and interest on the Bond by wire transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing. Notwithstanding the foregoing, unless otherwise notified in writing by the Bondowner Representative, the Trustee shall make all payments of principal of and interest on the Bond to the Bondowner Representative to the extent funds are on deposit with the Trustee for such payments under this Indenture.

Section 2.04. Execution of Bond. The Bond shall be executed on behalf of the City by the manual or facsimile signature of the 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 on the Bond shall have the same force and effect as if the official seal of the City had been impressed on the Bond. In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such Persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

Only such Bond as shall bear thereon a certificate of authentication in the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Trustee shall be conclusive evidence that the Bond so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bond.

(a) The Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Trustee required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever the Bond shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver a new, fully registered Bond.

(b) 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 a physical certificated instrument, and shall not be held in a book-entry only system unless approved in advance in writing by the City in its sole discretion;

(ii) the Bond shall be transferred only in whole and only to (A) an entity that qualifies as a Sophisticated Investor, which must execute and deliver the form of Investor Letter attached hereto as Exhibit B; or (B) a special purpose entity, a trust or custodial arrangement established by Wells Fargo Bank, N.A. or an Affiliate thereof with respect to which either (1) the Bondowner Representative or an Affiliate thereof, as transferor, represents in writing to the Trustee that all of the beneficial owners of which are QIBs or (2) the Bondowner Representative or an Affiliate thereof, as transferor, represents in writing to the Trustee that all of the interests in such trust or arrangement (other than residual interests retained by QIBs) are rated in the "A" category or higher by a Rating Agency provided, however, that a single QIB shall at all times hold a controlling interest in the residual interests and such trust or arrangement shall be controlled by the Bondowner Representative or an Affiliate thereof. There shall be no option to transfer the Bond to a trust or similar arrangement pursuant to the provisions set forth in clause (B) above where: (1) any of the interests (other than a residual interest held by a QIB) are not rated in the "A" category or higher by a Rating Agency; or (2) the transferor is a party other than the Lender, which must execute and deliver the form of Investor Letter attached hereto as Exhibit B; or (C) CCRC;

(iii) each transferee of the Bond shall deliver to the City and the Trustee an Investor Letter in the form of Exhibit B hereto, wherein the transferee agrees, among other matters, not to sell participating interests in the Bond (other than as permitted in clause (B) of the immediately preceding subparagraph (ii) or with respect to CCRC, participations to its member banks upon a representation by CCRC in its Investor Letter that each such member is a "Sophisticated Investor" and that its

members may only transfer their interests to an affiliate or to another member of CCRC) without the prior written consent of the City. Except with respect to the transfer to CCRC, a purchaser shall execute and deliver such an Investor Letter in connection with its initial purchase of the Bond;

(iv) if the transferee is an “Commercial Bank” as defined in the Responsible Banking Ordinance, upon delivery to the City of an executed Responsible Banking Ordinance Certificate in the form of Exhibit D hereto; and

(v) the Trustee shall not authenticate or register a Bond unless the conditions of this Section 2.05(b) have been satisfied and, except in the case of a transfer to CCRC, the Trustee has received the written consent of the City to such transfer.

(c) The Trustee shall require the payment by the Bondholder 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 Bondholder 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 Borrower.

(d) Except for a transfer of the Bond to CCRC on the Conversion Date as contemplated by the terms of the Bond Purchase Agreement, the Bondowner Representative and Trustee shall not transfer the Bond without prior written approval by the City; provided that the City agrees that it shall not unreasonably or arbitrarily withhold such approval with respect to a transfer that (1) complies with the requirements of subparagraphs (b)(ii) and (b)(iii), above, and (2) is made by the Bondowner Representative in order to comply with capital requirements or constraints, overall asset disposition strategies or regulatory requirements applicable to the Bondowner Representative as certified to the City in writing and that, with respect to any such requested transfer, the City will provide its consent or specify its reasons for withholding its consent within 10 days of receipt by the City and the Trustee of the items specified in (b)(ii) and (b)(iii) above and the written certification referenced in this sentence. If the City fails to respond within such 10-day period, the City’s consent shall be deemed granted. Notwithstanding anything to the contrary herein, the City’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 Bondowner which transfer otherwise meets the requirements hereof. The Bondowner Representative shall indemnify and defend the City, and the officers, directors, employees, attorneys and agents of the City 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 2.05. Failure to comply with Section 2.05(b) shall cause any purported transfer to be null and void.

Section 2.06. Bond Register. The City 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 City and the Borrower; 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 City 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 Holder of any Bond shall bind every future Holder of the Bond and the Holder 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 City in accordance therewith or reliance thereon.

ARTICLE III

ISSUANCE OF BOND; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bond. Upon the execution and delivery of this Indenture, the City shall execute the Bond and deliver it to the Trustee. Upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the City, the Trustee shall authenticate the Bond in a principal amount not exceeding the Authorized Amount, and shall deliver the Bond pursuant to a Written Order of the City. Prior to the authentication and delivery of the Bond by the Trustee, the initial owner of the Bond shall have executed and delivered to the Trustee the form of Investor Letter attached hereto as Exhibit B and there shall have been delivered to the Trustee each of the following:

(i) a Certified Resolution authorizing issuance and sale of the Bond and execution and delivery by the City of the Indenture, the Loan Agreement and the Regulatory Agreement;

(ii) original executed counterparts of this Indenture, the Loan Agreement, the Deed of Trust, the Regulatory Agreement, the Bond Purchase Agreement and all of the other Loan Documents (as defined in the Loan Agreement), all in form and content satisfactory to the Bondowner Representative (as evidenced by the authentication and delivery of the Bond to the Bondowner Representative and acceptance thereof), and the original executed Note;

(iii) a Written Order of the City to the Trustee to authenticate and deliver the Bond as directed in such Written Order, upon payment of the Initial Disbursement by the Bondowner Representative and transfer thereof to the Trustee, for credit to Bond Proceeds Account of the Construction Fund, as applicable, and immediate disbursement into escrow with Chicago Title Company as directed by the City;

(iv) evidence satisfactory to the City of arrangements to pay all costs associated with the issuance and sale of the Bond;

(v) one or more opinions of Bond Counsel and the City Attorney's Office with respect to the due execution and delivery of the Indenture, Loan Agreement and Bond and the exclusion from gross income of the Bondholder of interest on the Bond for federal income tax purposes; and

- (vi) confirmation of filing pursuant to the Responsible Banking Ordinance.

Section 3.02. Application of Proceeds of Bond/Draw Down Provisions. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bond shall be made in accordance with Section 3.03 of this Indenture. The Bondowner Representative shall fund the purchase price of the Bond from time to time by funding advances under the Loan pursuant to the Loan Agreement. Amounts funded in such manner shall be deposited by the Bondowner Representative with the Trustee and shall be deposited into the Bond Proceeds Account of the Construction Fund in accordance with Section 3.03(a) of this Indenture. The Trustee shall note such amount in its records, and the Trustee's records, absent manifest error, shall be dispositive of the amount Outstanding. Such amounts shall constitute the Disbursed Amount, and shall begin to accrue interest, only upon disbursement by the Bondowner Representative to the Trustee for deposit in the Construction Fund. Notwithstanding anything herein to the contrary, the purchase price of the Bond funded by the Bondowner Representative may not exceed \$[25,000,000] (and the Trustee shall not record any advances which would cause the principal amount of the Bond to exceed such amount). In no event may additional amounts be funded after the earlier of December 31, 2021 or the Conversion Date.

Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Construction Fund," which fund shall be applied only as provided in this Section. Within the Construction Fund there shall be created a Bond Proceeds Account and an Equity Account to be held by the Trustee. The Initial Disbursement on the Closing Date shall be disbursed by the Bondowner Representative pursuant to the Loan Agreement and deposited with the Trustee to the Bond Proceeds Account of the Construction Fund for payment to or upon the order of the Borrower to pay Qualified Project Costs.

(a) The Bondowner Representative shall fund the Loan from time to time in accordance with the Loan Agreement. Each advance of the Loan shall be treated as a concurrent funding of Bondowner Representative's purchase of a further drawdown of the Bond. The Bondowner Representative shall deposit the proceeds of each drawdown on the Bond with the Trustee for deposit into the Bond Proceeds Account of the Construction Fund. The Trustee shall deposit moneys received from or on behalf of the Borrower to the Equity Account of the Construction Fund. Funds on deposit in the Construction Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Lender) (i) for the payment of Project Costs (as defined in the Regulatory Agreement); (ii) as provided in first sentence of the next subsection, interest on the Bond when due; and (iii) in the case of funds held in the Equity Account, for such other purposes requested by the Borrower.

(b) The Trustee shall disburse to the registered owner of the Bond, the accrued interest on the Bond when due, upon the receipt of a written request from the Bondowner Representative 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 City. The City hereby authorizes and directs the disbursement by the Trustee of the amounts deposited in the Construction Fund in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Lender) from time to time upon receipt by the

Trustee of a written request of the Borrower, accompanied by a disbursement request in the form attached hereto as Exhibit C, and a determination of the Bondowner Representative that the conditions to disbursement contained in the Loan Agreement have been satisfied or waived. Except as provided in the first sentence of this Section 3.03(b), the City's consent to each disbursement shall be required. The City agrees, however, that if the City has not objected in writing to any disbursement within five Business Days of receipt of a request for approval of such disbursement, the City shall be deemed to have approved such disbursement. Furthermore, if the City and the Bondowner Representative disagree as to whether a particular disbursement shall be approved or disapproved, they shall meet and confer in good faith, upon the request of either of them in an effort to resolve the matter, which meeting may be by telephonic or electronic means, or may be at a personal meeting. If they fail to agree upon the approval or disapproval of a disbursement following such good faith efforts, the Bondowner Representative can approve the disbursement and pay it from the proceeds of the Bond.

(c) The Trustee shall maintain, or cause to be maintained, complete and accurate records regarding the disbursement of the proceeds of the Bond in accordance with Section 3.02 and this Section 3.03 hereof, and shall provide copies thereof to the City and the Borrower upon their written request. Additionally, the Trustee shall provide the City with a monthly statement regarding activity in each of the funds and accounts created under this Indenture, including the Construction Fund and the Bond Fund in the immediately preceding month.

(d) The Trustee, the Bondowner Representative and the City shall not be responsible for the application by the Borrower of moneys disbursed to the Borrower in accordance with this Section 3.03.

(e) Following receipt of a Construction Completion Certificate (as defined in the Regulatory Agreement) from the Borrower, the Trustee shall transfer any amounts remaining in the Construction Fund to the Bond Fund. Upon such transfer the Construction Fund shall be closed.

If an Event of Default under and as defined in the Loan Agreement occurs and the maturity of the Bond is accelerated in accordance with Section 4.01(b) hereof, the Trustee will, to the extent necessary, use moneys in the Construction Fund and Bond Fund to make payments on the Bond.

Section 3.04. Costs of Issuance Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Costs of Issuance Fund," which fund shall be applied only as provided in this Section. On the Closing Date, the Borrower shall, from its own funds, deposit with the Trustee the amount of \$[____], which amount the Trustee shall deposit in the Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be paid by the Trustee on or after the Closing Date to: (a) the Trustee in the amount of \$[____] as the Trustee's acceptance fee and to pay Trustee's counsel; and (b) the California Debt and Investment Advisory Commission ("CDIAC") in an amount not exceeding \$[____] following receipt of an invoice therefor. Amounts remaining in the Costs of Issuance Fund 90 days after the Closing Date shall be returned to the Borrower and the Trustee shall close the Costs of Issuance Fund.

Section 3.05. City Annual Fee. The Trustee shall collect the City's Annual Fee from the Borrower when due from the Borrower and remit it to the City at the times specified in the

Regulatory Agreement. The Trustee may establish a fund or account in its records to deposit and remit the Annual Fee to the City.

ARTICLE IV

REDEMPTION OF BOND

Section 4.01. Circumstances of Redemption. The Bond is subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The Bond shall be subject to redemption in whole or in part from payments of principal made under the Note and Loan Agreement on any date, at a redemption price equal to the amount of such principal paid plus interest accrued thereon to the date fixed for redemption, plus any applicable prepayment premium, as provided in the Note or the Loan Agreement; provided, however, that any other charges then due and payable pursuant to the Note or the Loan Agreement shall be paid in full (or, in connection with a partial redemption of the Bond, paid in proportion to the amount of Bond being so redeemed) on the redemption date.

(b) The Bond shall be subject to mandatory redemption in whole upon the occurrence of an Event of Default under the Loan Agreement or any other of the Loan Documents (subject to all applicable notice and cure provisions contained therein), at the written direction of the Bondowner Representative, at a redemption price equal to the principal amount of the Bond then Outstanding, plus accrued interest thereon to the date of redemption, plus any applicable prepayment premium, as provided in the Note or the Loan Agreement.

(c) Effective as of the Conversion Date, the Bond shall be subject to monthly mandatory sinking fund redemption in part, prior to maturity, from sinking fund installments on the dates and in the amounts corresponding to the monthly payments of principal due and payable on the Note.

(d) [Reserved].

(e) The Bond shall be subject to mandatory redemption, at the direction of the Bondowner Representative (given in accordance with the Loan Agreement or the Deed of Trust), in whole or in part on any date, from insurance proceeds received in connection with a partial or total casualty loss of the Project or a condemnation award in connection with a partial or complete taking of the Project, but only to the extent such proceeds or award are not used to repair, replace or restore the Project, at a price equal to the principal amount of Bond to be redeemed plus interest accrued thereon to the date fixed for redemption and any additional amount payable pursuant to the Note or the Loan Agreement.

The Bondowner Representative is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption and to provide written notice thereof to the Trustee, and, if Revenues are available, to cause the Trustee to redeem the Bond so called on the date so fixed by the Bondowner Representative. The Bondowner need not surrender its Bond in connection with any redemption of the Bond unless the Bond is redeemed in whole.

Section 4.02. No Notice of Redemption. No notice of redemption of the Bond need be given to the Bondowner by the Trustee, but the Bondowner Representative shall give notice of any redemption under Section 4.01(b) to the City at the same time such notice is given to the Trustee, provided such notice shall not be a condition precedent to any redemption and neither failure to give such notice nor any defect in such notice shall affect the validity of any redemption hereunder.

Section 4.03. Effect of Redemption. If moneys for payment of the redemption price of the Bond are being held by the Trustee, the Bond shall, on the redemption date selected by the Borrower or Bondowner Representative, as applicable, become due and payable at the redemption price specified herein, interest on the principal amount of the Bond so called for redemption shall cease to accrue, said principal amount of Bond shall cease to be entitled to any lien, benefit or security under this Indenture, and the holder of the Bond shall have no rights in respect thereof except to receive payment of the redemption price thereof and receive proceeds of exercise by the Trustee of rights and remedies under the Note, the Loan Agreement, the Deed of Trust and the other Loan Documents.

Section 4.04. Assignment of Loan and Tender of Bond.

(a) Notwithstanding anything to the contrary in the Bond or this Indenture, the Bond shall be subject to optional tender for cancellation by the Holder in accordance with the provisions of this Section 4.04.

(b) Upon receipt by the Holder of notice by CCRC of its election to exercise the Loan Purchase Option pursuant to the Bond Purchase Agreement, the Holder shall provide written notice to the Issuer and the Borrower in the manner specified in this Indenture and pursuant to the terms of the Loan Agreement, at least 30 days prior to the specified tender date (the "Tender Notice"), of its election to tender for cancellation the outstanding Bond as of such date (the "Tender Date") and to transfer all of its right, title and interest in, to and under the Note, the Deed of Trust and the other Loan Documents to CCRC on the Tender Date (the "Loan Purchase").

(c) On the Tender Date, the Bond tendered for cancellation pursuant to Section 4.04(b) (but not the Note, the Deed of Trust or the other Loan Documents) shall be deemed paid in full and retired and shall be cancelled on the books of the Trustee, whether or not the Bond owner has physically delivered the Bond certificate or certificates to the Trustee. On the Tender Date, this Indenture shall be terminated in accordance with Section 10.01 of this Indenture, subject to any indemnification or other rights expressly intended to survive termination as set forth in this Indenture. On the Tender Date, the Holder shall transfer all of its right, title and interest in, to and under the Note, the Deed of Trust and other Loan Documents to CCRC. Upon such Loan Purchase, cancellation of the Bond, and termination of the Indenture, the Issuer and the Trustee shall have no further interest in the Loan or the Loan Documents, subject to any indemnification or other rights expressly intended to survive termination as set forth in the Loan Documents, including without limitation, (i) all of the rights and interests of the Issuer under the Regulatory Agreement, which shall remain in full force and effect in accordance with its terms and (ii) rights to indemnification, to the payment of fees and expenses, to the computation and payment of rebate with respect to the Bond, and with respect to post-issuance compliance under the Tax Certificate. To effect the foregoing, the parties shall execute and deliver an Assignment and Assumption Agreement, substantially in the form attached hereto as Exhibit E, and CCRC

shall execute and deliver an Investor Letter, substantially in the form attached hereto as Exhibit B. The Issuer and the Trustee shall take such other actions as may be reasonably requested, at the expense of the Borrower, in order to effect the Loan Purchase, and the cancellation of the Bond and the termination of the Indenture in connection therewith, in accordance with this Section.

(d) At any time prior to the Tender Date, at the written request of the Holder and CCRC, delivered to the Issuer, the Trustee and the Borrower, given in the same manner as the Tender Notice, the Tender Notice may be cancelled and rescinded, provided that the Borrower shall still be responsible for any expenses of the Issuer or the Trustee incurred pursuant to the Tender Notice.

ARTICLE V

REVENUES

Section 5.01. Pledge of Revenues. All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bond. The City also hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the holder from time to time of the Bond, all of its right, title and interest in (excluding the Reserved Rights) (a) the Revenues, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (b) all amounts on deposit in any fund or account created hereunder and held by the Trustee, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (c) the Loan Agreement (except for the Reserved Rights under Sections 2.03, 3.03(g), 3.03(h), 3.04, 3.16, 9.05, 11.38, 11.43, 11.45(c) and 15.01 of the Loan Agreement, the Regulatory Agreement and the Tax Certificate), (d) the Note, and (e) any other amounts or agreements referenced in the Loan Agreement as security for the repayment of the Bond (collectively, the "Trust Estate"). The Note has been endorsed to the Trustee, and the Deed of Trust is delivered in favor of the City and assigned to the Trustee.

All Revenues received by the Trustee and all amounts on deposit in the funds and accounts created hereunder and held by the Trustee (other than amounts held pursuant to Section 3.05 for the benefit of the City and amounts held in the Rebate Fund pursuant to Section 6.07 hereof) shall be held in trust for the benefit of the holders from time to time of the Bond, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

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 STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE REVENUES, FUNDS AND ASSETS PLEDGED UNDER THIS INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR OTHER ASSETS OF THE CITY. NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. THE BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE CITY, INCLUDING ANY PERSON EXECUTING THIS INDENTURE OR THE BOND, SHALL BE

LIABLE PERSONALLY ON 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 INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE CITY 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.

THE BOND, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, IS A SPECIAL, LIMITED OBLIGATION OF THE CITY SECURED BY THE TRUST ESTATE, IS AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE AND IS AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BOND, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE LOAN AGREEMENT.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bond or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against, the City, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the City or any successor public entity, under any rule of law or penalty of otherwise, and all such liability of the City, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and 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.

The City shall not be liable for payment of the principal of or interest on the Bond or any other costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bond or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Section 5.02. Bond Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Bond Fund," which fund shall be applied only as provided in this Section.

The Trustee shall credit to the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower.

Except as provided in Section 10.02, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bond as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

On each date on which principal of or interest on the Bond is due and payable, the Trustee shall pay such amount from the Bond Fund.

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in writing by the Borrower, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Trustee. In the absence of such directions, the Trustee shall invest such moneys in Investment Securities described in clause (b) of the definition thereof. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with this Section 5.03, except for those arising from the willful misconduct or fraud on the part of the Trustee.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bond (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). The Trustee shall have no duty to determine Fair Market Value or present value hereunder.

For the purpose of determining the amount in any fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost or par (which shall be measured exclusive of accrued interest) after the first payment of interest following purchase.

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective funds or accounts from which such investments are made. Subject to the requirements of the Tax Certificate, the Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such sale or redemption.

The Trustee may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

The City (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the City and the Borrower will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and the City (to the extent requested by it) periodic cash

transaction statements which shall include detail for all investment transactions, if any, made by the Trustee hereunder.

Section 5.04. Enforcement of Obligations. Upon the occurrence of an Event of Default actually known to a Responsible Officer of the Bondowner Representative, the Bondowner Representative shall be entitled in its sole discretion to take all steps, actions and proceedings, or to direct the Trustee to take all steps and proceedings: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, Regulatory Agreement and the Deed of Trust, and (b) to request compliance with all covenants, agreements and conditions on the part of the City contained in this Indenture with respect to the Revenues.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Payment of Principal and Interest. The City shall punctually pay, but only out of Revenues as herein provided, the principal and the interest (and premium, if any) to become due in respect of the Bond issued hereunder at the times and places and in the manner provided herein and in the Bond, according to the true intent and meaning thereof. When and as paid in full, the Bond shall be delivered to the Trustee and shall forthwith be destroyed.

Section 6.02. Preservation of Revenues; Amendment of Documents. The City shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Trustee, of rights of the City under the Loan Agreement and the Deed of Trust and other collateral documents, or the Trustee's or the Bondowner Representative's enforcement of any rights hereunder or thereunder, shall not take any action to impair the validity or enforceability of the Loan Agreement or the Deed of Trust and other collateral documents, and shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement or the Deed of Trust and other collateral documents, without the prior written consent of the Bondowner Representative.

Section 6.03. Compliance With Indenture. The City shall not issue, or permit to be issued, any Bond secured or payable in any manner out of Revenues other than in accordance with the provisions of this Indenture; it being understood that the City reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. The City shall faithfully observe and perform all the covenants, conditions and requirements hereof. So long as the Bond is Outstanding, the City shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

Section 6.04. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the City, at the expense of the Borrower, shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowner Representative and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.05. No Arbitrage. The City shall not take, nor knowingly permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the gross proceeds of the Bond which would cause the Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder. The City will, additionally, comply with its obligations under and pursuant to the Tax Certificate.

Section 6.06. Limitation of Expenditure of Proceeds. To the best knowledge of the City, and based upon the Borrower’s representations in the Borrower Cost Certificate dated the Closing Date, not less than 97% of the face amount of the Bond, plus premium (if any) paid on the purchase of the Bond by the original purchaser thereof from the City, less original issue discount, will be used for Qualified Project Costs and less than 25% of such amount will be used for land or an interest in land.

Section 6.07. Rebate of Excess Investment Earnings to United States. The Rebate Fund shall be established by the Trustee and held and applied as provided in this Section. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the United States Government, and neither the City, the Borrower nor the Bondholders 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. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the City, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the City, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Bond Year and within 55 days of payment in full of the Bond, the Trustee shall request and the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”).

Within 55 days of the end of each fifth Bond Year and within 55 days of payment in full of the Bond, upon the written direction of the City, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Trustee from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

The Trustee shall pay, as directed by the City, Bond Counsel or the Rebate Analyst, to the United States Treasury, out of amounts in the Rebate Fund:

- (i) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(ii) Not later than 60 days after the payment of the Bond in full, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center at the address provided in such direction on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States and to comply with all other requirements of this Section 6.07, Sections 11.39 and 11.45 of the Loan Agreement, the requirements of the Regulatory Agreement and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Bond.

Any funds remaining in the Rebate Fund after redemption and payment of all of the Bond and payment and satisfaction of any Rebate Requirement, or provision made therefor in accordance with the written direction of the City, the Rebate Analyst or Bond Counsel, shall be withdrawn and remitted to the Borrower.

The Trustee shall keep such records of the computations made pursuant to this Section 6.07 as are required under Section 148(f) of the Code to the extent furnished to the Trustee. The Borrower shall or shall cause the Rebate Analyst to provide to the City copies of all rebate computations made pursuant to this Section 6.07. 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 made by the Trustee as may be requested by the Borrower 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.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the City nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an Opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bond, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

Section 6.08. Limitation on Issuance Costs. To the best knowledge of the City, from the proceeds of the Bond received from the original purchaser thereof and investment earnings thereon, an amount not in excess of 2% of the face amount of the Bond will be used to pay for, or provide for the payment of, Issuance Costs.

Section 6.09. Federal Guarantee Prohibition. The City shall take no action if the result of the same would be to cause the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 6.10. Prohibited Facilities. To the best knowledge of the City, no portion of the proceeds of the Bond will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is

the sale of alcoholic beverages for consumption off premises. To the best knowledge of the City, no portion of the proceeds of the Bond will be used for an office unless the office is located on the premises of the facilities constituting the Project and unless 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 the Project.

Section 6.11. Use Covenant. The City shall not use any proceeds of the Bond or any other funds of the City, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the Bond being treated as an obligation not described in Section 142(d) of the Code by reason of the Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.12. Immunities and Limitations of Responsibility of City. The City shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for the Bondholder), and the City shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The City may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The City shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The City shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, and shall be liable only for its active negligence or willful misconduct. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The City shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the City is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The City shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the highest rate at which interest accrues from time to time on the Bond, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the City may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power. The Borrower has indemnified the City against certain acts and events as set forth in Sections 9.05, 11.38, 11.41, and 15.01 of the Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Bond and discharge of this Indenture.

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the City and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the City or the Trustee or the Bondowner Representative as to the existence of any fact or state of affairs, (b) the City shall not be under any obligation under this Indenture 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 by the Bondowner Representatives, and (c) none of the provisions of this Indenture shall require the City or the Trustee 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.

Section 6.13. No Recourse. No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in the Bond shall be had against any member, officer, commissioner, director or employee (past, present or future) of the City, either directly or through the City or its governing body or otherwise, for the payment for or to the City or any receiver thereof, or for or to the Holder of the Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the City 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 any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Holder of the Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Bond.

Section 6.14. Limitation of Liability of City and Its Officers, Employees and Agents. 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 City, 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 City, as such, past, present or future of the City, either directly or through the City or otherwise, for the payment for or to the City or any receiver of the City, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the City 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 of any such member, officer, agent or employee, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owners 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 City may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the City by the Trustee, the Borrower, the Bondowner Representative or any Bondholder as to the existence of any fact or state of affairs, (b) the City shall not be under any obligation under this Indenture 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, the Bondowner Representative or by any Bondholder and (c) none of the provisions of this Indenture shall require the City 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 City, 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 City 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 City or the Mayor or the City Council in other than that person's official capacity. No member, officer, agent or employee of the City 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.

ARTICLE VII

DEFAULT

Section 7.01. 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 City's, Trustee's, Borrower's and Bondowner Representative's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. The Bondowner Representative 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 City). Any Bond remaining outstanding shall be deemed paid upon transfer, to or at the direction of the Bondowner Representative, of the Loan Documents and all security therefor free and clear of the lien of this Indenture.

The City shall cooperate with the Bondowner Representative 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 7.02. Limitation of Liability to Revenues. Notwithstanding anything in this Indenture contained, the City shall not be required to advance any moneys derived from the proceeds of taxes collected by the City, by the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Revenues 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 City, and is payable from and secured by the Revenues and any other revenues, funds or assets pledged under this Indenture and not from any other revenues, funds or assets of the City.

ARTICLE VIII

THE TRUSTEE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the City hereby agrees to employ the Trustee (at the expense of the Borrower) to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to authenticate, deliver and transfer the Bond; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the owner of the Bond; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in 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.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that:

(a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture;

(b) At all times (1) the Trustee shall not be liable for any act or omission unless the Trustee or its agent was negligent or engaged in willful misconduct; and (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the City, accompanied by an opinion of Bond Counsel as provided herein, or in accordance with the directions of the Bondowner Representative or in accordance with the directions of the holder of the Bond relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) 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 a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the City, the Bondowner Representative or the owner of the Bond, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the City;

(d) Before taking any action under the Regulatory Agreement, Article VII hereof or this Section at the request or direction of the Bondholders or the Bondowner Representative, the Trustee may require that a satisfactory indemnity be furnished by the Bondholder, 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;

(e) Upon any application or request by the City or the Bondowner Representative to the Trustee to take any action under any provision of this Indenture or the Regulatory Agreement, the City or Bondowner Representative, as applicable, shall furnish to the Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(g) Neither the City nor the Borrower shall be deemed to be agents of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give such notice;

(i) The immunities extended to the Trustee also extend to its directors, officers and employees;

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bond, it being the sole obligation of the Trustee to administer, for the benefit of the Bondholder, the various funds and accounts established hereunder;

(k) 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;

(l) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the holder of the Bond or the Bondowner Representative related to the exercise of any right, power or remedy available to the Trustee;

(m) The Trustee shall have no duty to review any financial statements or budgets filed with it by the Borrower under the Loan Agreement;

(n) The Trustee acknowledges that the Borrower has an obligation to pay certain fees to the City pursuant to Section 7 of the Regulatory Agreement. The Trustee further acknowledges that in order to preserve the tax-exempt status of interest on the Bond, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of: (1) its payment obligations under said Section 7(n) of the Regulatory Agreement 30 days preceding each semiannual payment date therefor, commencing with the payment date on [June 1, 2019], and ending on the earlier of the date set forth in the Regulatory Agreement; and (2) the Borrower's obligation to make payments to the Rebate Fund as provided herein; and

(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 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.

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. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VIII.

Section 8.02. Right of Trustee To Rely Upon Documents, Etc. Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, facsimile transmission, electronic mail, demand, direction, election, requisition, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the City mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the City, and any resolution of the City may be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel (who may be counsel for the City, counsel for the Trustee or Bond Counsel) 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;

(d) 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 City or a certificate of the Bondowner Representative; and such Certificate of the City or a certificate of the Bondowner Representative shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(e) 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, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(f) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (iii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bond shall be taken as the statements of the City, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bond. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bond, or as to the right, title or interest of the City therein, or as to the security provided thereby or by this Indenture, the Loan Agreement or the Deed of Trust, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bond, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the City or of the Bond as an obligation of the City. The Trustee shall not be accountable for the use or application by the City of the Bond authenticated or delivered hereunder or of the use or application of the proceeds of such Bond by the City or the Borrower or their agents.

Section 8.04. Intervention by Trustee. The Trustee may intervene on behalf of the owners of the Bond in any judicial proceeding to which the City or Bondowner Representative is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the owner of the Bond and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owner of the Bond or the Bondowner Representative.

Section 8.05. Moneys Received by Trustee To Be Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the City to pay thereon.

Section 8.06. Compensation and Indemnification of Trustee, Bondowner Representative and Agents.

(a) The Bondowner Representative and the Trustee shall be entitled to receive compensation from the Borrower for their services as Bondowner Representative and Trustee, respectively, as provided in Sections 3.03(g) and 3.03(h) of the Loan Agreement, and shall be indemnified by the Borrower as provided in Sections 11.38 and 15.01 of the Loan Agreement. The Bondowner Representative and the Trustee each acknowledges and agrees that, unless otherwise agreed to in writing by the City, the City shall not be responsible for the fees and expenses of the Bondowner Representative and the Trustee, and is providing no indemnification to the Bondowner Representative and the Trustee.

(b) If any property, other than cash, shall at any time be held by the Bondowner Representative or the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bond, the Bondowner Representative or the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bond, shall be entitled to but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Bondowner Representative and the Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and each of the Bondowner Representative and Trustee is hereby granted a lien and a security interest prior to the Bond in respect of all property and funds held or collected by the Bondowner Representative or the Trustee as such, except funds held in trust by the Bondowner Representative or the Trustee for the benefit of the holders of a particular principal amount of the Bond, which amounts shall be held solely for the benefit of the Bondholder and used only for the payment of principal of and premium, if any, and interest on the Bond. The Bondowner Representative's and the Trustee's rights to immunities, indemnities and protection from liability hereunder and their rights to payment of their fees and expenses shall survive such Bondowner Representative's and the Trustee's resignation or removal and final payment of the Bond.

Section 8.07. Qualifications of Trustee. There shall at all times be a trustee hereunder, which shall be a corporation, banking association or trust company, in each case having trust powers, doing business and having a corporate trust office in California and shall:

(a) either (i) have a combined capital and surplus of at least \$50,000,000 and be subject to supervision or examination by federal or state authority or (ii) be a wholly owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i); and

(b) be able to comply with the terms and conditions of this Indenture, including, without limitation, Sections 8.10 through 8.13 hereof, and to comply with the terms of the Loan Agreement applicable thereto.

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

Section 8.08. Removal, Resignation and Appointment of Successor Trustee.

(a) **Removal of Trustee.** The City may remove the Trustee at any time unless an Event of Default occurs and is then continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the holder of the Bond (or its attorney duly authorized in writing) or the Bondowner Representative or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of

the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the Borrower shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the Borrower under this Section 8.08 shall be subject to the approval of the Bondowner Representative and the City, which approval shall not unreasonably be withheld or delayed.

(b) ***Resignation of Trustee.*** The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the City and to the Bondholder. Upon receiving such notice of resignation, the Borrower shall appoint a successor Trustee by an instrument in writing with the written consent of the Bondowner Representative and the City. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(c) ***Appointment of Successor Trustee.*** Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may at the expense of the Borrower petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall mail or cause the successor Trustee to mail, by first-class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholder at the address shown on the registration books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

Section 8.09. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of the first sentence of Section 8.07.

Section 8.10. 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 8.11. Compliance With Laws. The Trustee shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City 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 8.12. 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 City 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 8.13. 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 paragraph.

Section 8.14. Proprietary or Confidential Information of the City. 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 City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the City. Trustee agrees that all information disclosed by the City 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 8.15. Audit and Inspection of Records. The Trustee agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Indenture. The Trustee will permit the City 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 City by this Section.

Section 8.16. Subcontracting. The Trustee is prohibited from subcontracting this Indenture or any part of it unless such subcontracting is first approved by the City 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 8.17. Paying Agents. The Trustee, with the written approval of the City and the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bond. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bond presented at either place of payment. The paying agent initially appointed hereunder is the Trustee.

Section 8.18. Business Tax Registration Certificate. Subject to any exemption available to it, the Trustee represents that it has obtained and presently holds 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 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 8.19. 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 City.

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 City. 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 8.20. 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. Trustee 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 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'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. 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.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. The City and the Trustee, with the prior written consent of the Bondowner Representative, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture. The Bondowner Representative may, if it so elects, direct the Trustee to join with the City in the execution of such supplemental indenture, unless such supplemental indenture affects the

rights or obligations of the Borrower or any general partner or limited partner of the Borrower hereunder or under the Loan Agreement or any other document, in which case the City, Trustee and Bondowner Representative may enter into such supplemental indenture only if the Bondowner Representative has received the Borrower's, or such general partner's or limited partner's, as applicable, written consent thereto.

Promptly after the execution by the City, the Trustee and the Bondowner Representative of any supplemental indenture pursuant to the provisions of this Section, if the Bondowner Representative is not the sole owner of the Bond then Outstanding, the Trustee shall give Bondholders, by first-class mail, a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the City, the Trustee, the Bondowner Representative and the holder of the Bond shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Trustee and the Bondowner Representative shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.04. Notation of Modification on Bond; Preparation of New Bond. A Bond authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the City as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, a new Bond, so modified as to conform, in the opinion of the Bondowner Representative and the City, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and executed by the City and authenticated by the Trustee and delivered without cost to the holder of the Bond then Outstanding, upon surrender for cancellation of such Bond in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. If the entire indebtedness on the Bond Outstanding shall be paid and discharged in any one or more of the following ways:

- (a) by the payment of the principal of (including redemption premium, if any) and interest on the Bond Outstanding; or
- (b) by the delivery to the Trustee, for cancellation by it, of the Bond Outstanding;

and if all other sums payable hereunder by the City shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and the Trustee shall forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The fees, expenses and charges of the Trustee (including reasonable counsel fees) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection herewith.

The City or the Borrower may at any time surrender to the Trustee for cancellation by it any Bond previously authenticated and delivered which the City or the Borrower lawfully may have acquired in any manner whatsoever, and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Payment of Bond after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent in trust for the payment of the principal of, or interest or premium on, the Bond remaining unclaimed for two years after the principal of the Outstanding Bond has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Borrower, and the holder of such Bond shall thereafter be entitled to look only to the Borrower for payment thereof, and only to the extent of the amount so paid to the Borrower, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the Borrower as aforesaid, the holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Borrower for amounts equivalent to the respective amounts deposited for the payment of the Bond and so paid to the Borrower (without interest thereon).

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of the City. All the covenants, stipulations, promises and agreements contained in this Indenture, by or on behalf of the City, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the City shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the City, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the City as in this Indenture provided.

Section 11.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bond expressed or implied is intended or shall be construed to give to any person other than the City, the Trustee, the Bondowner Representative, the Borrower and the holder of the Bond issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee, the Bondowner Representative, the Borrower and the holder of the Bond issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person

entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of the Bond. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of the Bond, the Trustee may, in lieu of such cancellation and delivery, destroy the Bond and deliver a certificate of such destruction to the City.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.06. Notices. It shall be sufficient service of any notice, request, demand or other paper on the City, the Trustee, the Bondowner Representative, or the Borrower if the same shall, except as otherwise provided herein, be duly mailed by first-class mail, postage prepaid, or given by telephone or telecopier and confirmed by such mail, and to the other parties and addressed as follows:

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# 18-124670
Facsimile: (213) 808-8918

with a copy to: Los Angeles Housing and Community Investment Department
Post Office Box 532729
Los Angeles, CA 90053-2729
Attention: Supervisor, Affordable Housing Bond Program
HIMS# 18-124670

The Bondowner Representative: Wells Fargo Bank, National Association
Community Lending and Investment
MAC# E2064-075
333 South Grand Avenue, 7th Floor
Los Angeles, CA 90071
Attention: Loan Administration Officer
Reference: Loan # 1018099
Telephone: (213) 253-7260
Facsimile: (213) 253-7296

The Trustee: U.S. Bank National Association
633 W. 5th Street, 24th Floor
Los Angeles, CA 90071

Attention: Global Corporate Trust
Ref: LA MF (McCadden Campus 2018K)
Telephone: (213) 615-6024
Facsimile: (213) 615-6199

The Borrower: McCadden Plaza, L.P.
c/o Thomas Safran & Associates
11812 San Vicente Boulevard, Suite 600
Los Angeles, CA 90049
Attention: President
Telephone: (310) 820-4888
Facsimile: (310) 207-6986

with a copy to: McCadden Campus LLC
c/o Los Angeles LGBT Center
1125 North McCadden Place
Los Angeles, CA 90038
Attention: Mike Holtzman

with a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
64th Floor
633 West Fifth Street
Los Angeles, CA 90071
Attention: Nicole Deddens
Facsimile: (213) 559-0765

with a copy to: Wells Fargo Affordable Housing
Community Development Corporation
MAC D1053-170
301 South College Street, 17th Floor
Charlotte, NC 28288
Attention: Director of Asset Management

with a copy to: Joel Hjelmaas, Counsel
Wells Fargo Bank, N.A.
MAC X2401 06T
1 Home Campus, 6th Floor
Des Moines, IA 50328-0001

with a copy to: Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street NW
Washington, DC 20036
Attention: Kimberly C. Moore

Additionally, in the event that CCRC becomes the Bondowner Representative, all notices to the Bondowner Representative shall be sent to:

California Community Reinvestment Corporation
Suite 1000
100 West Broadway

Glendale, CA 91210
Attention: President
Telephone: (818) 550-9800
Facsimile: (818) 550-9806

The City, the Trustee, the Bondowner Representative and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the City or the Borrower is required for any action, and whenever the City or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the City by the Authorized City Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the City, the Trustee, the Bondowner Representative and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 11.08. Evidence of Rights of Bondholder. Any request, consent or other instrument required by this Indenture to be signed and executed by the Bondholder may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by the Bondholder in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of the Bond, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Bondowner Representative, the Trustee and of the City if made in the manner provided in this Section.

(a) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(b) The ownership of the Bond shall be proved by the Bond register maintained pursuant to Section 2.06 hereof. 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.

(c) Any request, consent or vote of the holder of the Bond shall bind every future holder of the Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bondowner Representative, the Trustee or the City in pursuance of such request, consent or vote.

(d) [Reserved].

(e) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting with the Bondholder upon such notice and

in accordance with such rules and regulations as the Bondowner Representative considers fair and reasonable for the purpose of obtaining any such action.

Section 11.09. 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 City, 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 City, as such, past, present or future of the City, either directly or through the City or otherwise, for the payment for or to the City or any receiver of the City, or for or to the owners of the Bond, or otherwise, of any sum that may be due and unpaid by the City 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, as such, past, present or future of the City by reason of any act or omission on his or her part or otherwise, for the payment for or to the owners 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 City may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the City by the Trustee or the Bondholder as to the existence of any fact or state of affairs, (b) the City 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 by the Bondholder and (c) none of the provisions of this Indenture shall require the City 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 City, 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 City 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 City or the Mayor or the City Council in other than that person's official capacity. No member, officer, agent or employee of the City 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.

Section 11.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 11.12. Governing Law, Venue. The formation, interpretation and performance of this Indenture shall be governed by the 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 11.13. Successors. Whenever in this Indenture either the City, the Trustee or the Bondowner Representative is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City, the Trustee or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.14. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

[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 U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, and the Bondowner Representative have 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 City

By: Los Angeles Housing and Community
Investment Department

By _____
Sean L. Spear
Assistant General Manager

Approved as to form:

MICHAEL N. FEUER,
City Attorney

Deputy/Assistant City Attorney

[City's Signature Page to *McCadden Campus* Indenture of Trust]

[Trustee's Signature Page to *McCadden Campus* Indenture of Trust]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Name: Julia Hommel
Title: Vice President

[Bondowner Representative's Signature Page to *McCadden Campus* Indenture of Trust]

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner Representative

By _____

Name: Christian von Merkatz

Title: Vice President

EXHIBIT A
FORM OF BOND

THIS BOND MAY BE OWNED ONLY BY A SOPHISTICATED INVESTOR (DEFINED AS (A) WELLS FARGO BANK, N.A.; (B) ANY AFFILIATE OF WELLS FARGO BANK, N.A.; (C) A "QUALIFIED INSTITUTIONAL BUYER" (A "QIB") AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED; (D) A COMMERCIAL BANK HAVING A MINIMUM CAPITAL AND SURPLUS OF \$5,000,000,000; OR (E) CCRC) AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, REPRESENTS THAT IT IS A SOPHISTICATED INVESTOR, AND ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND IN WHOLE TO SOPHISTICATED INVESTORS OR A CUSTODIAL ARRANGEMENT IN ACCORDANCE WITH THE LIMITATIONS SET FORTH IN ARTICLE II OF THE INDENTURE HEREINAFTER DEFINED. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF LOS ANGELES IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND.

No. R-1

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF LOS ANGELES
MULTIFAMILY HOUSING REVENUE BOND
(MCCADDEN CAMPUS SENIOR HOUSING)
SERIES 2018K

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: UP TO [TWENTY FIVE MILLION DOLLARS] (\$[25,000,000])

ISSUE DATE: [December __, 2018]

The City of Los Angeles, 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 (herein called the "City"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on [_____] (subject to prior redemption as provided in the Indenture) the sum of up to [Twenty-Five Million] Dollars (\$[25,000,000]) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the rates described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner Representative under the Indenture and the Loan Agreement to fund the Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Note, dated as of [December 1, 2018], made by McCadden Plaza, L.P., a California limited partnership (the "Borrower"), to the order of the City.

The Bond shall bear interest as set forth in the Note.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond 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.

In the event the City fails to make the timely payment of any monthly payment, the City shall pay interest on the then Outstanding Balance at a default rate (the “Default Rate”) as defined in the Indenture.

This Bond is a duly authorized bond of the City designated as “City of Los Angeles Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K” (the “Bond”), in the initial maximum aggregate principal amount of up to \$[25,000,000]. This Bond is issued pursuant to Section 248, as amended, of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of Los Angeles Administrative Code, as amended (the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”) and a resolution of the City Council of the City (the “Resolution”) and issued under and secured by an Indenture of Trust, dated as of [December 1, 2018] (the “Indenture”), among the City, U.S. Bank National Association, as the Trustee, and Wells Fargo Bank, National Association, as initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of the Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the City thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bond will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of [December 1, 2018] (the “Loan Agreement”) among the City, Wells Fargo Bank, National Association, as initial Bondowner Representative and Lender, and the Borrower, to finance the acquisition and construction of a seniors residential rental project located in the City of Los Angeles, California.

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 STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM REVENUES AND FUNDS AND OTHER ASSETS PLEDGED THEREFOR IN THE INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE CITY. NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE HEREON.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE CITY, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THIS BOND, SHALL BE LIABLE PERSONALLY ON THIS 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 THIS BOND, OR FOR ANY CLAIM BASED ON THE BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE CITY 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 THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THE BOND, EXPRESSLY WAIVED AND RELEASED.

THIS BOND, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, IS A SPECIAL, LIMITED OBLIGATION OF THE CITY SECURED BY THE TRUST ESTATE, IS AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE AND IS AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE LOAN AGREEMENT.

THIS BOND AND THE INTEREST THEREON IS A LIMITED OBLIGATION OF THE CITY PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OF THE CITY, OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE CITY, OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THIS BOND SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE CITY, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE CITY PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, BUT NOT OTHERWISE.

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, OR OF ANY SUCCESSOR TO THE CITY, AS SUCH, EITHER DIRECTLY OR THROUGH THE CITY OR ANY SUCCESSOR TO THE CITY, 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 THIS BOND.

THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.

This Bond is a limited obligation of the City and, as and to the extent set forth in the Indenture, is payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement.

This Bond shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of this Bond need be given to the registered

owner of the Bond, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

The principal of this Bond may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The City and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

The schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner Representative from time to time. The Bondowner Representative shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under the Bond may not exceed \$[25,000,000] at any time and no portion of the purchase price therefor shall be funded after December 31, 2021 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bond.

The Indenture contains provisions permitting the City, the Trustee and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

The City hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act).

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

In the event of any conflict between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

[Remainder of Page Intentionally Left Blank]

The City 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.

(SEAL)

CITY OF LOS ANGELES

City Treasurer

By _____
Mayor

[SEAL]

FORM OF CERTIFICATE OF AUTHENTICATION

This is the Bond described in the within-mentioned Indenture and has been authenticated and registered on _____.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Name _____
Title _____

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within Bond and do(es) hereby irrevocably constitute and appoint attorney,

to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SCHEDULE OF DRAWINGS

Purchase Amount	Purchase Date	Outstanding Principal	Signature of Trustee
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EXHIBIT B
FORM OF INVESTOR LETTER

[____], 20[__]

City of Los Angeles
Los Angeles, California

Kutak Rock LLP
Los Angeles, California

U.S. Bank National Association
Los Angeles, California

\$[25,000,000]
City of Los Angeles
Multifamily Housing Revenue Bond
(McCadden Campus Senior Housing)
Series 2018K

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 Indenture of Trust dated as of [December 1, 2018] (the “Indenture”), by and among the City of Los Angeles, California (the “City”), U.S. Bank National Association, as Trustee and Wells Fargo Bank, National Association, as initial Bondowner Representative (the “Bondowner Representative”). The Investor understands that the Bond is not rated by any securities rating agency and is secured only by the McCadden Campus Senior Housing 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, the Bondowner Representative, counsel to the Bondowner Representative 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, the Bondowner Representative, counsel to the Bondowner Representative 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. The Investor hereby agrees that the Bond may only be transferred in whole and in accordance with the Indenture, including Article II 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) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Investor acknowledges that written consent of the City is required in order to transfer the Bond. 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 City except that the Bond may be transferred as permitted by Section 2.05 of the Indenture.

7. The Investor an entity that is permitted to purchase the Bonds pursuant to Section 2.05 of the Indenture.

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 Bondowner Representative, 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 acknowledges that no offering document has been produced in connection with the issuance or sale of the Bond.

14. 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.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Very truly yours,

[PURCHASER], as Bond Purchaser

By _____
Name _____
Title _____

EXHIBIT C

FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST

To: U.S. Bank National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of [December 1, 2018] (the "Indenture"), among the Trustee, the City of Los Angeles and Wells Fargo Bank, National Association, as the initial Bondowner Representative.

1. You are requested to disburse funds from the Construction Fund pursuant to Section 3.03 of the Indenture as Draw number _____ in the aggregate amount of \$_____ consisting of funds from the following accounts in the following amounts:

Bond Proceeds Account: \$ _____

Equity Account: \$ _____

for disbursement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. Capitalized terms not defined herein have the meanings assigned thereto in the Indenture.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the acquisition, construction or equipping of the Project, each item is a proper charge against the Construction Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Issuance Costs or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 95% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Bond plus (B) all amounts allocated to the Bond previously disbursed from the Construction Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Loan Agreement or, to our knowledge, a default under the Indenture; and

(vii) such requisition complies with all applicable requirements of the Regulatory Agreement including, without limitation, Section 7(j) thereof, as well as with all applicable requirements of the Loan Agreement and the Tax Certificate.

3. The Borrower has obtained written consent of the Bondowner Representative and the City to this disbursement, as evidenced by their signatures below.

Dated: _____

MCCADDEN PLAZA, L.P., a California limited partnership

By: McCadden Campus LLC, a Delaware limited liability company, its managing general partner

By: Los Angeles LGBT Center, a California nonprofit public benefit corporation, its sole member

By: _____
Name: Lorri L. Jean
Its: Chief Executive Officer

By: McCadden Plaza Affordable Housing, LLC, a California limited liability company, its administrative general partner

By: _____
Name: Andrew Gross
Its: President

APPROVED:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner Representative

By _____
Name: Christian von Merkatz
Title: Vice President

For City consent requirements, see Section 3.03(b) of the Indenture.

CITY OF LOS ANGELES, as City

By _____
Name _____
Title _____

SCHEDULE I

EXHIBIT D

FORM OF RESPONSIBLE BANKING ORDINANCE CERTIFICATE

**RESPONSIBLE BANKING ORDINANCE
REPRESENTATIONS AND COVENANTS OF BANK**

[_____, 20__]

City of Los Angeles
Los Angeles, California

\$[25,000,000]
City of Los Angeles
Multifamily Housing Revenue Bond
(McCadden Campus Senior Housing)
Series 2018K

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 “City”) of the City’s \$[25,000,000] initial principal amount of Multifamily Housing Revenue Bond (McCadden Campus Senior Housing) Series 2018K (the “Bond”):

(a) The Bank shall file with the City Treasurer of the City by December 1 of each year an annual statement of community reinvestment activities as required of a “commercial bank” under the City’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 [_____] 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 *McCadden Campus* Responsible Banking Ordinance Certificate]

EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION OF DEED OF TRUST AND LOAN DOCUMENTS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

California Community Reinvestment Corporation
100 West Broadway, Suite 1000
Glendale, CA 91210
Attn: Renee Cooks

ASSIGNMENT AND ASSUMPTION OF DEED OF TRUST AND LOAN DOCUMENTS

THIS ASSIGNMENT AND ASSUMPTION OF DEED OF TRUST AND LOAN DOCUMENTS (this "Assignment") is made and entered into as of _____, 20____, by U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America ("Trustee"), in favor of CALIFORNIA COMMUNITY REINVESTMENT CORPORATION, a California nonprofit public benefit corporation ("CCRC"), and consented and agreed to by CITY OF LOS ANGELES, a municipal corporation and chartered city and county duly organized and validly existing under the City Charter and the Constitution and the laws of the State of California ("Issuer"), MCCADDEN PLAZA, L.P., a California limited partnership ("Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("Bank").

RECITALS

A. Borrower is the owner of a fee simple interest in that certain real property described in Schedule I attached hereto (the "Property").

B. Pursuant to that certain Indenture of Trust (the "Indenture") dated as of [December 1, 2018] and executed by the Issuer, Bank and Trustee, Issuer has issued its \$[25,000,000] City of Los Angeles, Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K (the "Bond"). Pursuant to that certain Loan Agreement (the "Loan Agreement") dated as of [December 1, 2018], and executed by and among Bank, Borrower and Issuer, Issuer made a loan in the principal amount of \$[25,000,000] (the "Loan") to Borrower of the proceeds of the sale of the Bond. The Loan is evidenced by the Note (as defined below), and is further evidenced by the documents executed by Borrower in connection with the Loan Agreement (the "Loan Documents"). The obligations of Borrower under the Note are secured by, among other things, the Deed of Trust (as defined below), encumbering Borrower's interest in the Property. Pursuant to the Assignment of Deed of Trust (as defined below), the rights of Issuer in and to the Loan Agreement, the Note and the Deed of Trust have been assigned by Issuer to Trustee.

C. Pursuant to Section [1.1] of that certain Bond Purchase Agreement dated as of [_____, 2018] and executed by Borrower, Bank and CCRC (the "Bond Purchase Agreement")

and subject to the terms and conditions set forth therein, CCRC has elected to purchase the Loan in lieu of the Bond (the "Loan Purchase Option").

D. This Assignment is being executed and delivered pursuant to Section 4.04 of the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

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

1. Assignment. Trustee hereby grants, assigns, conveys and transfers, without recourse, to CCRC, and its successors and assigns, all right, title and interest of Trustee in and to the following (the "Purchased Documents"):

(a) the Loan, the repayment obligations of Borrower in connection with which are evidenced by a Promissory Note, dated [December __, 2018], made by Borrower to the order of Issuer in the original aggregate principal amount of \$[25,000,000] and assigned by Issuer to Trustee (the "Note");

(b) that certain Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust") dated of even date with the Note, encumbering Borrower's interest in the Property and recorded on _____ as Instrument No. _____ in the Official Records of Los Angeles County, California, as assigned by Issuer to Trustee pursuant to that certain Assignment of Deed of Trust and Loan Documents, dated as of even date with the Deed of Trust (the "Assignment of Deed of Trust"), executed by Issuer for the benefit of Trustee and recorded in the Official Records of Los Angeles County, California on _____ as Instrument No. _____;

(c) the other documents described on Schedule II attached hereto (which sets forth all of the documents to be assigned to CCRC by Trustee or Bank, including certain of the foregoing documents);

(d) except for the documents listed on Schedule III attached hereto (the "Terminated Documents"), all other instruments, agreements, documents or reports (other than documents, memos, notes or reports prepared by Trustee's employees solely for the internal use of Trustee) affecting or relating to the Loan which were prepared and delivered to Trustee in connection with, or executed and delivered to Trustee in connection with or as security for, the Loan, including but not limited to any and all security agreements, collateral assignments, pledge agreements, financial agreements, corporate authorizations, limited liability company certificates, partnership consents and other corporate, limited liability company or partnership documents, legal opinion letters from Borrower's counsel, estoppel letters from the Borrower or tenants on the Property, operating reports, environmental reports, site plans, surveys, soil and substrata studies, architectural drawings, plans and specifications, engineering plans and studies, floor plans, landscape plans, external written correspondence, insurance certificates or policies, appraisals, financial

statements of the Borrower; and each modification, amendment, assumption, release, or waiver letter, if any, executed by Trustee (if legally required) and/or the Borrower (if legally required) of any of the items listed above, except for the Terminated Documents.

2. Assumption. CCRC is purchasing the Loan for a purchase price of \$_____. CCRC hereby assumes and agrees to perform, from and after the date of recordation of this Assignment in the Official Records of Los Angeles County, California, all liabilities, obligations and duties of Trustee arising from and after the date of recordation of this Assignment with respect to the Loan, including, without limitation, the obligations of Trustee under the Purchased Documents.

3. Regulatory Agreement. The parties hereto, including the Borrower and the Issuer, acknowledge and agree that (a) the Regulatory Agreement shall continue in full force and effect, notwithstanding the cancellation of the Bond and the Loan Purchase; (b) the Issuer has not assigned any of its rights under the Regulatory Agreement to any party; and (c) for purposes of computing the Issuer's annual fee due and payable by the Borrower pursuant to Section 7(n) of the Regulatory Agreement, from and after the date hereof, the computation specified therein shall be a lump sum or an annual flat fee as provided in such Section 7(n).

4. Surrender of Bond; Termination of Indenture: Survival of Certain Provisions of the Bond Documents. Pursuant to Section 4.04 of the Indenture, as a condition to the execution of this Assignment: (a) Bank represents and warrants that Bank has tendered the Bond to Trustee for cancellation and Trustee acknowledges receipt of same; (b) CCRC has executed and delivered CCRC Letter substantially in the form of Exhibit B of the Indenture; and (c) the parties hereto agree that, effective contemporaneously with, and as a condition to the Loan Purchase: (i) the Bond is hereby surrendered for cancellation and Trustee is hereby requested and directed to cancel the Bond and to promptly surrender and return the Bond certificate, marked to indicate its cancellation, to Issuer; (ii) all accounts held by Trustee under the Indenture have been closed and any balances have been transferred pursuant to the terms of the Indenture and the Loan Agreement, (iii) any and all fees and expenses accrued and payable under the Indenture as of the date hereof have been paid or provided for; (iv) the Indenture is hereby terminated, except for such provisions, including provisions relating to indemnification and rebate (including retention of records), as expressly survive pursuant to its terms; and (v) the Reserved Rights (as defined in the Indenture) of Issuer shall continue in full force and effect for the benefit of Issuer, notwithstanding the assignment of the Loan Documents hereunder and the termination of the Indenture.

5. Fees and Expenses in Connection with Loan Purchase. The fees and expenses of Issuer and Trustee, including fees and expenses of counsel to either of them, incurred in connection with the Loan Purchase and the transactions contemplated by this Assignment, have been paid in full as of the date hereof by Borrower or CCRC.

6. Authority to Execute Assignment; Counterparts. Each of the parties hereto, including the consenting parties, represents and warrants that its undersigned representative is duly authorized to execute and deliver this Assignment, and that the execution and delivery thereof will not violate or conflict with any material agreement to which it is a party or by which it is bound. This Assignment may be executed in multiple counterparts, each of which

shall be an original and all of which shall constitute but one and the same instrument. CCRC shall cause a copy of the recorded version of the Assignment to be provided to the other signatories hereto.

IN WITNESS WHEREOF, this Assignment is hereby made as of the date first written above.

Trustee:

U.S. BANK NATIONAL ASSOCIATION,
a national banking association

By: _____
Name: _____
Title: _____

SCHEDULE I TO ASSIGNMENT AND ASSUMPTION

PROPERTY DESCRIPTION

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

[TO BE PROVIDED]

SCHEDULE II TO ASSIGNMENT AND ASSUMPTION

PURCHASED DOCUMENTS

1. Note
2. Deed of Trust
3. Assignment of Deed of Trust and Loan Documents
4. Assignment of Management Agreement
5. Hazardous Materials Indemnity Agreement
6. Replacement Reserve Agreement
7. Assignment of Housing Assistance Payments Contract, Agreement to Enter Into Housing Assistance Payments Contract and Housing Assistance Payments
8. Assignment of Construction Contracts
9. Assignment of Architectural Agreements and Plans and Specifications
10. Any subordination agreements, side letters and other agreements delivered in connection with subordinate financing, regulatory agreements, restrictive covenants or other restrictions, purchase options and rights of first refusal, if any, for the Project
11. All authorizing documents executed in connection with the above
12. All opinions of legal counsel addressed to Trustee

**SCHEDULE III TO ASSIGNMENT AND ASSUMPTION
TERMINATED DOCUMENTS**

1. Pledge and Security Agreement
2. UCC-1 Financing Statement (Tax Credits)
3. Security Agreement – Rights to Payment
4. any completion guaranty
5. any repayment guaranty
6. Hazardous Material Indemnity Agreement (Unsecured- Guarantor)
7. Assignment of Development Fee Agreement

**FIRST SUPPLEMENT TO
INDENTURE OF TRUST**

THIS FIRST SUPPLEMENT TO INDENTURE OF TRUST, dated as of [_____] 1, 2022 (this “First Supplement”), is by and among the **CITY OF LOS ANGELES**, 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 (the “City” or the “Issuer”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America (the “Bondowner Representative”), and **MCCADDEN PLAZA, L.P.**, a California limited partnership (the “Borrower”) and amends and supplements that certain Indenture of Trust dated as of December 1, 2018 (the “Original Indenture”) among the Issuer, the Bondowner Representative and the Trustee relating to \$25,000,000 in principal amount of the City’s Multifamily Housing Revenue Bond (McCadden Campus Senior Housing), Series 2018K (the “Bond”).

WHEREAS, pursuant to the Original Indenture and Section 248 of the City Charter of the City of Los Angeles 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 (the “Act”), the Issuer has issued the Bond; and

WHEREAS, the Borrower, CCRC and the Bondowner Representative have agreed that the principal amount of the Bond to be purchased by CCRC upon Conversion shall be increased to an amount up to \$[____]; and

WHEREAS, Section 9.01 of the Original Indenture permits the Issuer, the Bondowner Representative and the Trustee, from time to time and at any time with the prior written consent of the Borrower to enter into an indenture or indentures supplemental to the Original Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of the Original Indenture which affect the rights or obligations of the Borrower thereunder; and

WHEREAS, the Bondowner Representative is currently the sole registered Bondholder; and

WHEREAS, the Issuer, the Bondowner Representative and the Trustee have received an Opinion of Counsel that this First Supplement will not cause the interest on the Bond to be includable in gross income of the Bondholder (other than an Bondholder 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 and that this First Supplement is authorized or permitted by the Original Indenture; and

WHEREAS, pursuant to the Original Indenture, the Issuer, the Trustee, the Bondowner Representative (as Bondowner Representative and sole Bondholder) and the Borrower have evidenced their consent to the terms of this First Supplement and waived all required notices

thereof under the Original Indenture, including, but not limited to, in Section 9.01 of the Original Indenture, each as evidenced by the signature of an authorized representative hereto; and

WHEREAS, the Borrower, the Trustee and the Bondowner Representative entered into that certain Modification Agreement (Secured Loan) dated as of September 14, 2021, and which is attached hereto as Exhibit A (the “First Loan Agreement Amendment”) and that certain [Second Modification Agreement (Secured Loan)] dated as of [____], 2021, and which is attached hereto as Exhibit B (the “Second Loan Agreement Amendment” and together with the First Loan Agreement Amendment, the “Loan Agreement Amendment”), each of which amended that certain Loan Agreement dated as of December 1, 2018 (the “Original Loan Agreement”) among the Borrower, the Bondowner Representative and the Issuer; and

WHEREAS, the Loan Agreement Amendment, collectively, extended the “Mandatory Conversion Date” (as defined in the Original Loan Agreement) to [June 1, 2022], and replaced the amount of “\$10,000,000” in the recitals as well as the definitions of “Bond Purchase Agreement” and “Permanent Loan Amount” with the amount of “\$[____]”; and

WHEREAS, the Issuer, as evidenced by its signature hereto, hereby consents to the terms of the Loan Agreement Amendment; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto amend the Original Indenture as follows as of the date set forth above:

Section 1. Recitals; Definitions. The foregoing recitals are hereby agreed to and acknowledged. All capitalized terms used in this First Supplement and not otherwise defined have the meanings assigned in the Original Indenture.

Section 2. Amendment to Definition. The following definitions contained in Section 1.01 of the Original Indenture are amended to read or are added to Section 1.01 of the Original Indenture as follows:

The term “**Bond Purchase Agreement**” means the Bond Purchase Agreement dated as of December 1, 2018, among the Borrower, the Bondowner Representative and CCRC, as amended by that certain First Amendment to Bond Purchase Agreement dated as of September 1, 2021, and that certain [Second Amendment to Bond Purchase Agreement dated as of [____] 1, 2021, pursuant to which and subject to the terms and conditions of which, CCRC has agreed to purchase up to \$[____] in principal amount of the Bond on the Conversion Date.

Section 3. Ratification. Except as amended and supplemented hereby, all provisions of the Original Indenture remain in full force and effect, and the Original Indenture, as amended and supplemented by this First Supplement, is hereby ratified. By its execution hereto, the Bondowner Representative hereby authorizes and directs the Trustee to execute this First Supplement.

Section 4. Effective Date. This First Supplement shall become effective as of the date hereof.

Section 5. Execution in Several Counterparts. This First Supplement may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Issuer and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 6. Governing Law. This First Supplement shall be governed by and construed in accordance with the internal laws of the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned authorized representatives of the Issuer, the Trustee, the Borrower, the Bondowner Representative have evidenced their respective consent to the terms of this First Supplement to Trust Indenture as of the day and year first above written by their below signatures.

CITY OF LOS ANGELES, as Issuer

By: Los Angeles Housing Department

By: _____
Authorized Officer

Approved as to form by:

MICHAEL N. FEUER,
City Attorney

Deputy/Assistant City Attorney

[Issuer signature page to *McCadden Campus* First Supplement to Trust Indenture]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Name: Julia Hommel

Title: Vice President

[Trustee signature page to *McCadden Campus* First Supplement to Trust Indenture]

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, as Bondowner Representative
and sole Bondholder

By: _____

Name: Kenneth J. Sofge

Title: Senior Vice President

[Bondowner Representative signature page to *McCadden Campus*
First Supplement to Trust Indenture]

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]

BORROWER:

MCCADDEN PLAZA, L.P.,
a California limited partnership

By: McCadden Campus LLC, a Delaware
limited liability company, its Managing
General Partner

By: Los Angeles LGBT Center, a
California nonprofit public benefit
corporation, its sole member

By: _____
Name: Ricardo DeLeon
Title: Chief Financial Officer

By: McCadden Plaza Affordable Housing,
LLC, a California limited liability
company, its Administrative General
Partner

By: _____
Name: _____
Title: _____

[Borrower signature page for *McCadden Campus* First Supplement to Trust Indenture]

EXHIBIT A

FIRST AMENDMENT TO LOAN AGREEMENT

(Attached)

EXHIBIT B

SECOND AMENDMENT TO LOAN AGREEMENT

(Attached)