



December 03, 2019

The Honorable Board of Commissioners
Los Angeles County
Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-D December 3, 2019

A handwritten signature in black ink, appearing to read "Celia Zavala".

CELIA ZAVALA
EXECUTIVE OFFICER

**ADOPT A RESOLUTION AUTHORIZING ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN THE CITY OF CARSON
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends that your Board authorize the issuance and delivery of Multifamily Housing Mortgage Revenue Bonds for the acquisition and rehabilitation of Carson Terrace Senior Apartments, a 63-unit multifamily rental housing development located in the City of Carson.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that adoption of this Resolution is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign the attached Resolution authorizing the issuance of tax-exempt Multifamily Housing Mortgage Revenue Bonds by Los Angeles County Development Authority (LACDA), in an aggregate principal amount not exceeding \$7,500,000 (Bonds), to assist Carson Terrace, L.P. (Borrower) or an LACDA approved designee, to finance the site acquisition and rehabilitation of a 63-unit multifamily rental housing development located 632 East 219th Street in the City of Carson.
3. Authorize the Executive Director, or her designee, to negotiate, execute, and if necessary amend or terminate all related documents and take all necessary actions for the issuance, sale, and delivery of the Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the issuance, sale and delivery of the tax-exempt Bonds, in an aggregate amount not to exceed \$7,500,000 to finance the acquisition and rehabilitation of Carson Terrace Senior Apartments (Project). This action will also allow the tax-exempt Bonds to qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986. The developer for the Project is the Richman Group of California. The Borrower is a limited partnership which includes the developer as a partner.

The Project, located at 632 East 219th Street in the City of Carson, will consist of a three-story apartment building, comprised of 63 one-bedroom units. Ten (10) units will be occupied by households with incomes not to exceed 30% of the area median income (AMI), 20 units will be occupied by households with incomes that do not exceed 35% AMI, and 32 units will be occupied by households with incomes not to exceed 60% AMI for the Los Angeles Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The affordability requirements will remain in effect for 55 years. The manager's unit will have no affordability requirements.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The Borrower will repay the bonds solely through rent revenues collected by the Borrower. The Borrower will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 4, 2018, the Board of Supervisors adopted an Inducement Resolution declaring the intent of the Housing Authority of the County of Los Angeles (Housing Authority) to undertake the financing of a Multifamily Housing Mortgage Revenue Bond project in accordance with Treasury Department regulations. This action established a base date after which costs incurred by the Borrower for the Project could be included in the acquisition and permanent financing obtained pursuant to the issuance of tax-exempt Bonds as authorized by Section 147 (f) of the Internal Revenue Code of 1986.

On January 18, 2019, the LACDA conducted a public hearing regarding the issuance of the tax-exempt Bonds to finance the Project at its office located at 700 West Main Street in Alhambra. No comments were received at the public hearing concerning the issuance of the tax-exempt Bonds or the nature and location of the Project.

On February 19, 2019, the Board of Supervisors adopted a resolution approving issuance of the tax-exempt Bonds, as authorized by Section 147(f) of the Internal Revenue Code of 1986. On May 16, 2019, the Housing Authority of the County of Los Angeles dissolved as a separate legal entity and the LACDA assumed all of its rights, responsibilities and obligations.

The attached Resolution was prepared by Hawkins Delafield & Wood, LACDA Bond Counsel, and approved as to form by County Counsel. All other related documents, in substantially final form, are on file with the Executive Office. They will be approved as to form by County Counsel prior to execution by the authorized parties.

ENVIRONMENTAL DOCUMENTATION

The Honorable Board of Commissioners

12/3/2019

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The proposed action is not a project pursuant to CEQA because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to facilitate Bond financing for the Project, which will increase the supply of affordable and accessible multifamily housing in the County with long-term affordability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Monique King-Viehlund", written in a cursive style.

MONIQUE KING-VIEHLAND

Executive Director

MKV:LK:LN:JWR:DR

Enclosures

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BOND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,500,000 FOR THE PURPOSE OF MAKING A LOAN TO PROVIDE FINANCING FOR A MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS CARSON TERRACE SENIOR APARTMENTS, DETERMINING AND PRESCRIBING CERTAIN MATTERS RELATING THERETO, AND APPROVING AND AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS.

WHEREAS, the Los Angeles County Development Authority (the "LACDA") is authorized and empowered by the provisions of Section 34312.3 of the Health and Safety Code of the State of California (the "Act") to issue and sell revenue bonds or notes for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, there has been prepared and presented to this Board of Commissioners (this "Board") for consideration at this meeting the documentation required for the issuance of bonds for the financing of the acquisition, rehabilitation and equipping of a multifamily rental housing development consisting of 63 total units located at 632 East 219th Street, Carson, California 90745 in the City of Carson, in the County of Los Angeles, California (the "Project"), to be known as Carson Terrace Senior Apartments and to be owned by Carson Terrace Partners, LP, a Delaware limited partnership, or an LACDA approved designee thereof; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, this Board has received the following information as a good faith estimate of the cost of the Project financing and the LACDA has disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Bond (as hereafter defined); (b) the finance charge of the Bond, including all third party expenses; (c) the amount of proceeds received by the LACDA for the sale of the Bond less the finance charge of the Bond and any reserves or capitalized interest paid or funded with proceeds of the Bond; and (d) the total payment amount; and

WHEREAS, it appears that each of the documents and instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Los Angeles County Development Authority, as follows:

1. It is hereby found and determined that it is necessary and desirable for the LACDA to provide financing for the Project through the issuance, sale and delivery of the Bond in order to assist in the acquisition, construction and development of the type of dwelling units provided by the Project.

2. For the purpose of raising moneys with which to effectuate financing for the Project, the LACDA hereby determines to issue its Multifamily Housing Revenue Bond (Carson Terrace Senior Apartments), 2019 Series D (or such other name or series designation as may be designated by officers or agents of the LACDA), in one or more series or subseries, each with an appropriate series designation (the "Bond"), in an aggregate principal amount not to exceed \$7,500,000. The Bond shall bear interest at the interest rate or rates set forth in or determined in accordance with a Trust Indenture (the "Indenture"), maturing as provided in the Indenture, but not later than 35 years from the date of issue. The Bond shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are permitted or required by the Indenture, which shall be appropriately completed when the Bond is prepared. The Bond shall be a limited obligation of the LACDA payable solely from the revenues, receipts and other moneys pledged therefor under the Indenture. The Bond shall be executed on behalf of the LACDA by the manual or facsimile signature of the Chair of this Board or the Executive Director of the LACDA.

3. The proposed form of Indenture, in the form presented to this meeting, is hereby approved. Each of the Chair of this Board, the Executive Director of the LACDA and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Indenture, in substantially said form, with such additions thereto or changes therein as such officer may approve or recommend upon consultation with counsel to the LACDA and Bond Counsel to the LACDA (provided that such additions or changes shall not authorize an aggregate principal amount of Bond in excess of the amount stated above or result in an initial interest rate on the Bond in excess of 9%), the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Indenture. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Chair of this Board, the Executive Director of the LACDA and their respective designee is each hereby authorized and directed to execute, by manual or facsimile signatures of such officers, and the trustee named in the Indenture (the "Trustee") is hereby authorized and directed to authenticate, by manual signature of an authorized officer of the Trustee, the Bond in substantially such form, and the LACDA and the Trustee are each hereby authorized and directed to deliver the Bond to the purchaser, which shall be Bank of America, N.A., or an affiliate thereof in accordance with the Indenture. The Bond may, if so provided in the Indenture, be issued as a "draw down" bond to be funded over time as provided in the Indenture. The date, maturity date, interest rate or rates, interest payment dates, denominations, form, registration privileges, manner of execution, place of payment, terms of redemption and other terms of the Bond shall be as provided in the Indenture.

4. The proposed form of Loan Agreement (the "Loan Agreement"), in the form presented to this meeting, is hereby approved. Each of the Chair of this Board, the Executive Director of the LACDA and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Loan Agreement, with such additions or changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Loan Agreement.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), in the form presented to this meeting, is hereby approved. Each of the Chair of this Board, the Executive Director of the LACDA and their respective designee is each hereby authorized and directed, for and in the name and on behalf of the LACDA, to execute and deliver the Regulatory Agreement, with such additions or, changes in said document as such officer may recommend or approve upon consultation with counsel to the LACDA and Bond Counsel to the LACDA, the approval of such additions or changes to be evidenced conclusively by the execution and delivery of the Regulatory Agreement.

6. This Board hereby appoints the Executive Director of the LACDA or her designee as administrator/manager with respect to the Project and other matters arising in connection with the Bond (the "Administrator").

7. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after the issuance of the Bond, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project or any redemption of the Bond, may be given or taken by the Administrator without further authorization by this Board, and the Administrator is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution.

8. All actions heretofore taken by the officers and agents of the LACDA with respect to the sale, issuance and delivery of the Bond are hereby approved, confirmed and ratified, and the proper officers of the LACDA are hereby authorized and directed, for and in the name and on behalf of the LACDA 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 and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bond and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the LACDA.

9. This resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, this 3rd day of December, 2019, by the following vote:

AYES: Supervisors Solis, Ridley-Thomas, Kuehl, Hahn and Barger

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: Karmyn Barger
Chair, of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer – Clerk
of the Board of Commissioners

By: Lachelle Smithman
Deputy



APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: Behrez Pashakor
Senior Deputy

TRUST INDENTURE

by and between

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY,
as Issuer

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

\$7,500,000
Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Carson Terrace Senior Apartments)
2019 Series D

Dated as of [Dated Date]

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TRUST INDENTURE

THIS TRUST INDENTURE dated as of [Dated Date] (this “Indenture”), by and between the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the “LACDA”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”),

W I T N E S S E T H :

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the LACDA is empowered to issue Bonds and other evidence of indebtedness to finance the acquisition, rehabilitation and development of multifamily rental housing; and

WHEREAS, the Act authorizes the LACDA (a) to make loans to any person to provide financing for rental residential developments located within the jurisdiction of the LACDA, in this instance specifically the County of Los Angeles, and intended to be occupied at least in part by persons of low and moderate income, as determined by the LACDA; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the LACDA, including the revenues and receipts to be received by the LACDA from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the LACDA in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Carson Terrace Partners, LP (the “Borrower”), has requested the LACDA to issue revenue bonds designated as the Multifamily Housing Revenue Bond (Carson Terrace Senior Apartments) 2019 Series D (the “Bond”) and to loan the proceeds from the sale thereof (the “Loan”) to the Borrower to finance the acquisition, rehabilitation and equipping of a multifamily rental housing development located in the City of Carson, in the County of Los Angeles California, known as Carson Terrace Senior Apartments (the “Project”); and

WHEREAS, pursuant to a Loan Agreement dated as of [Dated Date] (the “Loan Agreement”) among the LACDA, the Trustee and the Borrower, the LACDA 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, the Borrower has delivered to the Trustee, on behalf of the LACDA, its promissory note dated as of [Dated Date] in an original principal amount equal to the maximum aggregate issuable principal amount of the Bond (as amended, modified or supplemented from time to time, the “Note”) evidencing its obligation to repay the Loan, and the LACDA has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

WHEREAS, to secure its obligations under the Loan Agreement and the Note, the Borrower has executed and delivered to the LACDA a Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the "Mortgage"), an Assignment of Contracts, Plans and Specifications (as amended, modified or supplemented from time to time, the "Assignment of Project Documents") and a Security Agreement (Assignment of Partnership Interests and Capital Obligations) (as amended, modified or supplemented from time to time, the "Security Agreement"), each dated as of [Dated Date], and each of which will be assigned pursuant to the below-defined Assignment of Mortgage; and

WHEREAS, the LACDA will deliver to the Trustee an Assignment of Deed of Trust and Related Documents (as amended, modified or supplemented from time to time, the "Assignment of Mortgage") for the benefit of the Bank as Owner of the Bond;

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

GRANTING CLAUSES

The LACDA, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bond by the Owner thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bond according to their tenor and effect, and to secure the performance and observance by the LACDA of all the covenants, agreements and conditions herein and in the Bond contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the "Trust Estate"), to wit:

(a) All right, title and interest of the LACDA in and to the Note, the Mortgage, the Assignment of Mortgage and the other Loan Documents (as that term is defined below), and all moneys from time to time paid by the Borrower pursuant to the terms of the Loan Documents and all right, title and interest of the LACDA (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Reserved Rights as defined in the Loan Agreement);

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

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

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

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

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

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

ARTICLE I

DEFINITIONS AND CONSTRUCTION

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

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

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

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

“*Alternative Rate*” means the lower of (a) 5% in excess of the rate of interest payable on the Bond or (b) 12% per annum, provided that such rate shall in no event exceed the Maximum Rate.

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

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

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

“*Authorized Representative*” means, (a) with respect to the LACDA, the Chair of the Board of Commissioners of the LACDA, the Executive Director of the LACDA and any other officer or employee of the LACDA designated to perform a specified act, to sign a specified document or to act generally, on behalf of the LACDA by a written certificate furnished to the Trustee; (b) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the LACDA, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower; and (c) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the LACDA and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its President, Vice President or Secretary. Each such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative.

“*Bank*” means Bank of America, N.A., a national banking association, its successors and assigns.

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

“*Bond Counsel*” means Hawkins Delafield & Wood LLP, or any other attorney or firm of attorneys selected by the LACDA, of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations, but shall not include counsel for the Borrower.

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

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

“*Borrower Environmental Indemnity*” means that certain Indemnity Agreement (Borrower) dated as of even date with the Loan Agreement, executed by the Borrower in favor of the LACDA, Trustee and Owner.

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

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

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

“*Closing Date*” means the date of issuance of the Bond.

“*Code*” or “*Internal Revenue Code*” means the Internal Revenue Code of 1986, 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).

“*Completion*” has the meaning set forth for that term in the Construction Disbursement Agreement.

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

“*Completion Deadline*” has the meaning set forth for that term in the Construction Disbursement Agreement, as it may be amended from time to time.

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

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

“*Control*,” “*Controlled*” and “*Controlling*” means, with respect to any person, either (a) ownership directly or through other entities of more than 50% of all beneficial equity interest in such person, or (b) 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.

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

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

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

“*Determination of Taxability*” means (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (c) a determination by any court of competent jurisdiction, or (d) receipt by the Trustee, at the request of the Servicer, of an opinion of Bond Counsel to the effect that the interest on the Bond is includable in gross income for federal income tax purposes of the Owner thereof or any former Owner thereof, other than an Owner who is a “substantial user” (within the meaning of Section 147(a) of the Code) of the Project or a “related person” (as defined in Section 147(a) of the Code), provided that no such Determination of Taxability under clause (a), (b) or (c) shall be deemed to have occurred if (i) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (ii) if the Borrower or the Servicer has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earlier of (A) a final determination from which no appeal may be taken with respect to such determination, or (B) abandonment of such appeal by the Borrower or the Servicer.

“*Environmental Indemnity*” means, collectively, the Borrower Indemnity Agreement and the Indemnity Agreement (Third Party Indemnity) dated as of even date herewith from the Guarantors for the benefit of the LACDA, Trustee and Owner, as the same may be modified, supplemented or amended from time to time.

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

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

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

“*Guarantor*” means, Richman Housing Development LLC, a Delaware limited company.

“*Guaranty*” means, collectively, the Completion Agreement, Indemnity Agreement (Third Party Indemnity) and the Payment Guaranty.

“*Indemnity Agreement (Third Party Indemnity)*” means that Indemnity Agreement (Third Party Indemnity) dated as of even date with the Loan Agreement, executed by the Guarantor in favor of the LACDA.

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

“*Initial Notification of Taxability*” means the receipt by Trustee or any Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the

effect that the exclusion of interest on the Bond from the gross income of the Owner, for federal income tax purposes, will not continue in effect.

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

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

“Interest Payment Date” means the first day of each month commencing on [FIPD].

“Investment Securities” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

(a) Bonds or other obligations of the State or bonds or other obligations, the principal of and interest on which are guaranteed by the full faith and credit of the State;

(b) Bonds or other obligations of the United States or of subsidiary corporations of the United States Government which are fully guaranteed by such government;

(c) Obligations of agencies of the United States Government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(d) Bonds or other obligations issued by any public housing agency or municipality in the United States, which bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(e) Certificates of deposit of national or state banks which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan associations which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of San Francisco or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association, of one or more the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or of any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in paragraph (b) hereof, obligations of the agencies of the United States Government included in paragraph (c) hereof, or bonds, obligations, or project notes of

public housing agencies, urban renewal agencies, or municipalities included in paragraph (d) hereof;

(f) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 and whose unsecured or uncollateralized long-term debt obligations of which are rated in the one of the two highest letter rating categories of S&P or Moody's or whose unsecured and uncollateralized short-term debt obligations are rated in one of the two highest letter rating categories of S&P or Moody's at the time of purchase, provided that each such interest-bearing deposit, repurchase agreement, reverse repurchase agreement, guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(g) Any and all other obligations of investment grade and having a nationally recognized market, including, but not limited to, rate guarantee agreements, guaranteed investment contracts, or other similar arrangements offered by any firm, agency, business, governmental unit, bank, insurance company or other entity, provided that each such obligation shall permit moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(h) Shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least \$100,000,000 and rated in the one of the two highest letter rating categories of S&P or Moody's; and

(i) Any other investment approved in writing by the Servicer.

"Investor Letter" shall mean a letter from a purchaser of the Bond in the form of Exhibit B.

"Investor Limited Partner" means collectively, Bank of America, N.A., a national banking association, and USA Institutional Carson Terrace, LLC, a Delaware limited liability company, and each of their successors and assigns.

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

"LACDA Documents" means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

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

"Legal Requirements" means any legal requirements, including any local, state or federal statute, law, ordinance, code, rule or regulation, now or hereinafter in effect (including environmental laws) or order, judgment, decree, injunction, permit, license, authorization, certificate, franchise, approval, notice, demand, direction or determination, of any Governmental

Authority (as defined in the Loan Agreement) and all legal requirements imposed upon the Land (as defined in the Loan Agreement), or upon the owner(s) of the Land from time to time, pursuant to any applicable covenants, conditions, easements, servitudes and restrictions and any applicable ground lease.

“*LIBOR*” means the London Interbank Offered Rate.

“*LIBOR Daily Floating Rate*” means, for any day, a fluctuating rate of interest per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for U.S. Dollars for a period of one (1) month (“*LIBOR*”) as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Servicer from time to time), at approximately 11:00 a.m., London time, two (2) London Banking Days prior to such day, for U.S. Dollar deposits with a term of one (1) month commencing that day, as adjusted from time to time in the Servicer’s sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs; provided that if the *LIBOR Daily Floating Rate* shall be less than zero, such rate shall be deemed zero for purposes of the Bond.

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

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

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

“*Loan Documents*” means, collectively, the Loan Agreement, the Note, the Regulatory Agreement, the Construction Disbursement Agreement, the Mortgage, the Assignment of Deed of Trust, the Assignment of Project Documents, the Security Agreement, the Indemnity Agreement (Borrower), the Indemnity Agreement (Third Party Indemnity), the Payment Guaranty, the Tax Certificate and all other documents or instruments executed by the Borrower which evidence or secure the Borrower’s indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

“*London Banking Day*” means any day on which dealings in U.S. Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“*Maturity Date*” means [Maturity Date].

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

“*Moody’s*” means Moody’s Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the LACDA, with the consent of the Borrower and the Servicer.

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

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

“*Notice Address*” means:

To the LACDA: Los Angeles County Development Authority
700 West Main Street
Alhambra, CA 91801-3312
Attention: Mark Trinidad and Jewel Warren-Reed
Facsimile: (626) 943-3818

with a copy to: Behnaz Tashakorian
Los Angeles County Counsel,
7th Floor
350 South Figueroa Street
Los Angeles, CA 90071

If to Borrower: Carson Terrace Partners, LP,
c/o JDF, LLC
777 West Putnam Ave.
Greenwich, CT 06830
Attention: Joanne D. Flanagan, Esq.

and Carson Terrace Partners, LP
c/o Los Angeles Housing Partnership
3660 Wilshire Blvd, Ste 510
Los Angeles, CA 90010

with a copy to: Nelson Mullins Broad and Cassel
390 N. Orange Ave., Ste 1400
Orlando, Florida 32806
Attention: Heather Toft, Esq.

Bocarsly, Emden, Cowan, Esmail, & Arndt, LLP
633 West 5th Street, 70th Floor
Los Angeles, CA 90071
Attention: Daryll Kidd, Esq.

with a copy to: [Addressee and address to come]
Attention: Asset Manager for
Carson Terrace Senior Apartments

with a copy to: [Addressee and address to come]
Re: Carson Terrace Senior Apartments (_____)
Telephone: _____
Facsimile: _____

If to the Bank of America, N.A.

initial Servicer
and initial Owner: CA4-704-06-06
2000 Clayton Road, Building D, 6th Floor
Concord, CA 94520-2405
Attention: Loan Administration Manager
Telephone: (925) 675-6645
Facsimile: (206) 585-9277

with a copy to: Davis Wright Tremaine LLP
865 S Figueroa Street, Suite 2400
Los Angeles, CA 90017
Attention: Nancy Clapp, Esq.
Re: Carson Terrace
Telephone: (213) 633-6835
Facsimile: (213) 633-4235

If to the Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LACDA (Carson Terrace Senior Apartments)
2019 Series D
Telephone: (213) 615-6032
Facsimile: (213) 615-6199

And with respect to any future Servicer or Owner, such address as may be shown in the records of the Trustee.

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

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

“*Owner*” or “*Majority Owner*” means the registered owner of the Bond, initially the Bank.

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

“*Person*” or “*person*” means 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.

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

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

“*Project Costs*” means, to the extent authorized by the Act and the Code, all costs incurred by the Borrower with respect to the acquisition, construction, and equipping, as the case may be, of the Project, including, without limitation, costs for site preparation, the planning of housing and improvements, the acquisition of property, the removal or demolition of existing structures, the construction and equipping of housing, related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultants, accounting and legal services, other expenses necessary or incident to determining the feasibility of the housing development, contractors’ and developers’ fees and the Borrower’s overhead and supervision fees and costs, cost of insurance and real estate taxes during construction, 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 with approval of the LACDA for the Project), interest accrued during construction and for a reasonable period thereafter and all other costs approved by Bond Counsel.

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

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

“*Qualified Costs of the Project*” means the actual costs incurred to acquire, construct and equip the Project which (a) are incurred not more than 60 days prior December 4, 2018 being the date on which the LACDA first declared its “official intent” (within the meaning of Treasury Regulations Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bond), (b) are (i) chargeable to the Project’s capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project’s capital account are or would have been deducted only through an allowance for depreciation or (ii) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code and (c) are made exclusively with respect to “qualified residential rental project” within the meaning of Section 142(d) of the Code; provided, however, that (A) Costs of Issuance shall not be deemed to be Qualified Costs of the Project; (B) fees, charges or profits payable to the Borrower or a “related person” (within the meaning of Section 147 of the Code) shall not be deemed to be Qualified Costs of the Project; (C) interest during the construction of the Project shall be allocated between Qualified Costs of the Project and other costs and expenses of the Project; (D) interest following the construction of the Project shall not constitute Qualified Costs of the Project; (E) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Costs of the Project and other costs and expenses to be paid from the proceeds of the Bond; and (F) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of

credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Costs of the Project. As used herein, the term “preliminary expenditures” includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to commencement of acquisition, construction or rehabilitation of the Project, but does not include land acquisition, site preparation or similar costs incident to commencement of construction or rehabilitation of the Project.

“*Rating Agency*” means Moody’s, S&P or any other nationally recognized securities rating agency designated by the LACDA, with the consent of the Borrower and the Servicer.

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

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

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

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

“*Required Equity Funds*” means the amounts required to be deposited in the Equity Account of the Project Fund pursuant to Section 1.2 of the Construction Disbursement Agreement and Section 5.09 of the Loan Agreement.

“*Requisition*” means a requisition in the form of Exhibit I attached to the Construction Disbursement Agreement, together with all invoices, bills of sale, schedules and other submissions required for the making of an advance from the Loan Account or the Equity Account of the Project Fund.

“*Resolution*” means the resolution of the LACDA adopted on December __, 2019, authorizing, among other things, the execution and delivery by the LACDA of the LACDA Documents and the Bond.

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

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

“*Servicer*” means the servicer of the Loan appointed pursuant to Section 7.11 hereof. During any time as no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Owner.

“*Servicing Agreement*” means any servicing agreement entered into among the initial Owner, the Trustee and the Servicer, as the same may be amended, modified or supplemented from time to time.

“*Sophisticated Investor*” means (a) Bank of America, N.A.; (b) any Affiliate of Bank of America, N.A.; or (c) a “qualified institutional buyer” (a “QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as amended.

“*S&P*” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the LACDA, with the consent of the Borrower and the Servicer.

“*State*” means the State of California.

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

“*Tax Certificate*” means the Tax Certificate of the LACDA and the Borrower dated the Closing Date, as the same may be supplemented, amended or modified.

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

“*Trustee Expenses*” means the fees and expenses of the Trustee set forth in Section 7.04 of this Indenture.

“*Trustee Fee*” means the annual fee of the Trustee in the amount of [\$3,250] annually, payable in advance by the Borrower commencing on Closing Date and on each [Month of Issuance] 1 thereafter, so long as any portion of the Bond is Outstanding.

“*Trust Estate*” means the “Trust Estate” defined in the Granting Clauses of this Indenture.

“*Variable Rate*” means a variable rate per annum equal to the sum of (a) LIBOR Daily Floating Rate for that day, plus (b) __%.

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS OF THE LACDA

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

(a) The LACDA is a public body, corporate and politic, organized and existing under the laws of the State.

(b) The LACDA has the power and authority to (i) enter into the LACDA Documents and the transactions contemplated thereby, (ii) issue the Bonds to finance the Project and (iii) carry out its other obligations under this Indenture and the Bonds, and by proper action has duly authorized the LACDA’s execution and delivery of, and its performance under, such LACDA Documents and all other agreements and instruments relating thereto.

(c) The LACDA makes no representation, covenant or agreement as to the financial position or business condition of the Borrower or the Project and does not represent or warrant as to any statements, materials, representations or certifications furnished by the Borrower in connection with the sale of the Bond or as to the correctness, completeness or accuracy thereof. The LACDA makes no representation or warranty, express or implied, that the proceeds of the Bond will be sufficient to finance the construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower’s intended purposes.

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

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

Section 2.02. Covenants of the LACDA. The LACDA hereby agrees with the Owner from time to time of the Bond that so long as the Bond remains unpaid:

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

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

(c) The LACDA covenants to do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the LACDA on the Bond will be excluded from the gross income for federal income tax purposes of the Bondholders pursuant to Section 103 of the Code, except in the event where any such Owner of the Bond is a “substantial user” of the facilities financed with the Bond or a “related person” within the meaning of the Code and not to take or cause to be taken any action or actions, or fail to take any action or actions, which would cause the interest payable on the Bond to be includable in gross income for federal income tax purposes (except as aforesaid). For purposes of this Section, the LACDA’s compliance shall be based solely on matters within the LACDA’s control and no acts, omissions or directions of the Borrower, the Trustee or any other Persons shall be attributed to the LACDA.

ARTICLE III

AUTHORIZATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond.

(a) There is hereby authorized, established and created the issuance of the Bond of the LACDA to be known and designated as the “Los Angeles County Development Authority Multifamily Housing Revenue Bond (Carson Terrace Senior Apartments) 2019 Series D” in the original aggregate principal amount of \$7,500,000. No additional bonds shall be authorized or issued under this Indenture. The Bond shall be issued for the purpose of making the Loan by depositing such amounts in the various accounts of the Project Fund established hereunder.

(b) The Bond is hereby authorized to be issued as a drawdown Bond. The Owner of the Bond shall fund the purchase price of the Bond in installments. The initial installment for the purchase of the Bond shall be in the amount of \$[Initial Draw] to be advanced by the Owner of the Bond and received by the Trustee on the Closing Date, which purchase price shall be deposited in the Project Fund for application as provided in Section 5.02 hereof. Provided that the conditions to advance contained in the Construction Disbursement Agreement are either satisfied or waived by the Servicer, the balance of the purchase price of the Bond shall be advanced in subsequent installments by the Owner. Upon receipt of a Funding Notice described below, the Trustee shall provide the Owner with written directions to fund a portion of the purchase price of the Bond not less than three Business Days prior to the date when such funds are required from the Owner, which

such notice shall describe the amount of the purchase price to be funded and the purposes to which the proceeds of the Bond so purchased will be applied. Upon the payment of any portion of the purchase price of the Bond by the Owner in accordance with the terms of this Section 3.01(b), such payment shall be deposited by the Trustee in the Project Fund as designated in the corresponding funding notice received by the Trustee from the Servicer (each, a "Funding Notice") and thereafter immediately applied in accordance with the corresponding Requisition pursuant to Section 5.02 hereof. The Trustee shall maintain in its books a log which shall reflect from time to time each payment of the purchase price of the Bond by the Owner in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by the Owner, amounts funded by the Owner in accordance with the provisions of this Section 3.01(b) shall be noted on Schedule A attached to the Bond so presented to the Trustee. Notwithstanding any provision in Section 3.06 hereof to the contrary, the Bond shall bear interest as provided in Section 3.06 hereof upon the deposit with Trustee by the Owner of the amount of purchase price of the Bond so paid in accordance with the provisions of this Section 3.01(b).

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

- (a) a copy of the executed Note, and executed original counterparts of this Indenture, the other LACDA Documents and the Loan Documents;
- (b) confirmation from the Servicer or its counsel that the conditions to initial purchase of the Bond contained in the Construction Disbursement Agreement have been satisfied or waived by Servicer;
- (c) a certified copy of the Resolution;
- (d) evidence of the payment of the initial installment of the purchase price of the Bond and deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;
- (e) an opinion of Bond Counsel in form and substance satisfactory to the LACDA and the Owner; and
- (f) an original Investor Letter executed by the initial purchaser of the Bond, in substantially the form set forth in Exhibit B hereto.

Section 3.03. Registered Bond. The Bond shall be in fully registered form and shall be payable in accordance with the provisions hereof and of the Bond to the Owner thereof as shown on the records maintained by the Trustee.

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

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

Section 3.05. Terms of Bond - General.

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

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

(c) **Payment.** The principal of and interest on the Bond shall be payable in lawful money of the United States of America by check or draft of the Trustee. Payments of interest shall be mailed by first class mail to the Owner of the Bond as its address appearing on the records of the Trustee; provided, however, that the payment to the Servicer for the benefit of the Owner shall, upon written request of Servicer, be transmitted by the Trustee by wire transfer or other means requested in writing by the Servicer. Payment of the principal (other than upon redemption pursuant to Section 4.01 hereof) of the Bond shall only be made upon surrender of the Bond at the Principal Office of the Trustee. Notwithstanding anything in this Indenture to the contrary, all payments of principal and interest with respect to the Bond owned by the Owner shall, at the request of the Owner, be made by wire transfer to the Owner without the requirement of surrender of such Bond under any circumstances.

Section 3.06. Interest on the Bond.

(a) **General.** The cumulative principal amount of the Bond for which installment purchase payments have been received by the Trustee shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. All computations of interest for the Base Rate (to the extent applicable and as hereinafter defined) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year).

(b) **Variable Rate.** The Bond shall bear interest at the Variable Rate. The Servicer shall give telephonic (with following written confirmation) or facsimile notice on,

or promptly following, each Interest Payment Date to the Trustee and the Borrower of the interest payable on such Interest Payment Date. The Servicer shall determine each interest rate in accordance with this Indenture and the Bond and its determination thereof shall be conclusive in the absence of manifest error. The books and records of the Servicer shall be conclusive evidence, in the absence of manifest error, of all sums owing to the Servicer from time to time under the Bond, but the failure to record any such information shall not limit or affect the obligations of Borrower under the Loan Documents. The Servicer does not warrant, nor accept responsibility, nor shall the Servicer have any liability with respect to the administration, submission or any other matter related to the rates in the definitions of “Variable Rate” or “LIBOR Daily Floating Rate” or with respect to any rate that is an alternative or replacement for or successor to any of such rates (including, without limitation, any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes. To the extent that any calculation of interest or any fee required to be paid hereunder shall be less than zero, such rate shall be deemed zero for purposes of the Bond and this Indenture.

(c) ***Illegality.*** If the Servicer determines that any Law has made it unlawful, or that any Governmental Authority has asserted it is unlawful, for the Servicer to make, maintain or fund Loan advances whose interest is determined by reference to the LIBOR Daily Floating Rate, or any Governmental Authority has imposed material restrictions on the authority of the Servicer to purchase or sell, or to take deposits of, U.S. Dollars in the London interbank eurodollar market, then, upon notice thereof by the Servicer to the Borrower, any obligation of the Servicer to make or maintain advances of the Loan at the Floating Rate shall be suspended, in each case until the Servicer notifies the Borrower that the circumstances giving rise to such determination no longer exist. During the period of any such suspension, the unpaid principal balance of this Note from day to day outstanding which is not past due, shall bear interest at a fluctuating rate of interest per annum equal to the Base Rate.

(d) ***Inability to Determine Rate.***

[LIBOR and Successor Rate Provisions to be further updated.]

If (1) the Servicer determines that (A) U.S. Dollar deposits are not being offered to banks in the London interbank eurodollar market in the amount of any proposed or existing advance of the Loan for terms equal to one (1) month, or (B) (x) adequate and reasonable means do not exist for determining the LIBOR Daily Floating Rate for proposed or existing advances of the Loan and (y) the circumstances described in Section 3(e)(i) do not apply, or (2) the Servicer determines that for any reason the LIBOR Daily Floating Rate does not adequately and fairly reflect the cost to the Servicer of funding the Loan, the Servicer will promptly so notify the Borrower. Thereafter, the obligation of the Servicer to make or maintain advances of the Loan at the Floating Rate shall be suspended, in each case until the Servicer revokes such notice. During the period of such suspension, all proposed advances and all amounts from day to day outstanding which are not past due, shall bear interest at a fluctuating rate of interest per annum equal to the Base Rate.

(e) ***LIBOR Successor Rate.*** Notwithstanding anything to the contrary in this Indenture or any other Loan Document, if the Servicer determines (which determination shall be conclusive absent manifest error), or the Borrower notifies the Servicer that the Borrower has determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR with respect to the Loan for terms equal to one (1) month, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis, and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Servicer has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the “Scheduled Unavailability Date”); or

(iii) bilateral portfolio commercial real property loans currently being executed, or that include language similar to that contained in Subsections (c) and (d), are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Servicer, or receipt by the Servicer of such notice, as applicable, the Servicer and the Borrower may amend this Indenture to replace LIBOR with an alternative benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar U.S. Dollar denominated bilateral portfolio commercial real property loans for such alternative benchmarks (any such proposed rate, a “LIBOR Successor Rate”), together with any proposed LIBOR Successor Rate Conforming Changes.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Indenture.

(f) ***Additional Defined Terms.*** In addition to other terms defined herein, as used in this Section 3.06, the following terms shall have the meanings indicated, unless the context otherwise requires:

(i) “Base Rate” means, on any day, a fluctuating rate per annum equal to the Base Rate Margin plus the Federal Funds Rate for that day plus $\frac{1}{2}$ of 1%.

(ii) “Base Rate Margin” means two hundred (200) basis points per annum.

(iii) “Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day will be such rate on such transactions on the next preceding Business Day as

so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day will be the average rate (rounded upwards, if necessary, to a whole multiple of 1/100 of 1%) charged to the Servicer on such day on such transactions as determined by the Servicer.

(iv) “LIBOR Screen Rate” means the LIBOR quote on the applicable screen page the Servicer designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Servicer from time to time).

(v) “LIBOR Successor Rate Conforming Changes” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the timing and frequency of determining rates and making payments of interest, and to any other administrative matters as may be appropriate, in the discretion of the Servicer in consultation with the Borrower, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Servicer in a manner substantially consistent with market practice (or, if the Servicer determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Servicer determines is reasonably necessary in connection with the administration of this Indenture).

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

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

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

Section 3.07. Payment of Interest on the Bond. Commencing on [FIPD] and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bond (which amount shall reflect so much of the purchase price as shall have been paid pursuant to Section 3.01(b) hereof) at the applicable interest rate shall be due and payable in arrears and all accrued and unpaid interest shall be due and payable in full on the Maturity Date.

Section 3.08. Execution and Authentication of Bond.

(a) The Bond shall be executed, either manually or by facsimile, by the Chair of the Board of Commissioners or the Executive Director of the LACDA. Any facsimile signatures shall have the same force and effect as if said persons had manually signed said Bond.

(b) 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.

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

Section 3.09. Negotiability, Transfer and Registry of Bond.

(a) The Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 3.09(b) hereof, be transferred upon the books of the Trustee required to be kept pursuant to the provisions of Section 3.10, 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 LACDA 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 LACDA, and the Owner, each 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 Bank of America, N.A. or an Affiliate thereof with respect to which either (1) the Owner 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 Owner 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 Owner 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 Owner;

(iii) each transferee of the Bond shall deliver to the LACDA and 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)) without the prior written consent of the LACDA. A purchaser shall execute and deliver such an Investor Letter in connection with its initial purchase of the Bond;

(iv) if the transferee is a “Commercial Bank” as defined in the Responsible Banking Ordinance, the transfer shall be conditioned upon the delivery to the LACDA of an executed Responsible Banking Ordinance Certificate in the form satisfactory to the LACDA; and

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

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

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

any claim brought by any transferor or transferee of the Bond in respect of the Bond, this Indenture or any of the Loan Documents in the event that there occurs a transfer of the Bond that is not permitted pursuant to this Section 3.09. Failure to comply with Section 3.09(b) shall cause any purported transfer to be null and void.

(e) The Trustee shall not be obligated to (i) authenticate, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date and ending at the close of business on the next succeeding Interest Payment Date, (ii) authenticate, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of Bond to be redeemed and ending at the close of business on the date of the first giving of notice of such redemption, or (iii) transfer or exchange any Bond called or being called for redemption in whole or in part.

Section 3.10. Ownership of Bond. The LACDA 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 LACDA and the Owner; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bond as hereinbefore provided.

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

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the Bond and the Owner of every Bond issued in exchange thereof or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the LACDA in accordance therewith or reliance thereon.

The LACDA, the Trustee and any other person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the LACDA upon such Bond to the extent of the sum or sums so paid, and neither the LACDA nor any Trustee shall be affected by any notice to the contrary.

Section 3.11. Payments on Bond Due on Non-Business Days. In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bond need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Bond Payment Date, and no interest shall accrue for the period from and after such date.

ARTICLE IV

REDEMPTION OF BOND

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

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

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

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

Section 4.02. Redemption Price of Bond Redeemed Pursuant to Mandatory Redemption. Any Bond being redeemed before maturity in accordance with Section 4.01 of this Indenture shall be redeemed at a redemption price equal to the principal amount of the Bond being redeemed, together with accrued interest to the date of redemption.

Section 4.03. Optional Redemption. The Bond shall be subject to redemption from the proceeds of an optional prepayment of the Loan by the Borrower in whole or in part, on any Interest Payment Date, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption.

Section 4.04. Purchase in Lieu of Redemption. [With the prior written consent of Servicer,] at the election of the Borrower upon a redemption in whole of the Bond, by written notice to the Trustee and the Servicer given not less than five Business Days in advance of such redemption date, the Bond will be deemed tendered for purchase in lieu of the redemption on such date. The purchase price of Bond so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. The Bond so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

Section 4.05. Notice of Redemption.

(a) Notice of redemption shall be given by the Trustee to the Owner and Borrower by facsimile transmission or other similar electronic means of communication, promptly confirmed in writing, not less than 10 days prior to the date fixed for redemption. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify the registered Owner shall not affect the validity of the proceedings for the redemption of the Bond.

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

Section 4.06. Partial Redemption of Registered Bond. No surrender of the Bond shall be required for payment of any redemption price pursuant to Section 4.01 hereof.

ARTICLE V

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

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

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

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

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

(c) The initial installment for the sale of the Bond (\$[Initial Draw]) shall be applied as follows:

(i) \$_____, representing the initial proceeds of the sale of the Bond, shall be deposited in the Loan Account of the Project Fund and transferred to Ticor Title pursuant to the Written Requisition of the Borrower dated the date of Closing; and

(ii) \$_____ shall be deposited in the Capitalized Interest Account;

(iii) \$_____, representing a portion of the initial proceeds of the sale of the Bonds remitted to the Trustee by Ticor Title, shall be deposited in the Costs of Issuance Account of the Project Fund; and

(iv) \$_____ shall be deposited in the Equity Account of the Project Fund.

Section 5.02. Project Fund.

(a) ***Deposit of Moneys.*** The amounts specified in Section 5.01(c) shall be deposited in the Loan Account, the Capitalized Interest Account, the Costs of Issuance Account and the Equity Account of the Project Fund. The Loan Account of the Project Fund shall be funded from time to time as and when installments of the purchase price of the Bond is paid by the Owner pursuant to Section 3.01(b) hereof. Additional capitalized interest deposited by the Borrower in connection with any extension of the Completion Deadline shall be deposited in the Capitalized Interest Account of the Project Fund. Any amounts received by the Trustee from the Guarantor, and any amounts received by the Trustee from the Borrower in response to demands by the Trustee or the Servicer for deposits of Borrower's funds shall be deposited in the Equity Account of the Project Fund. All Condemnation Awards and Insurance Proceeds shall be deposited in the Insurance and Condemnation Proceeds Account of the Project Fund. Any other funds directed by the LACDA, the Servicer or the Borrower to be deposited in the Project Fund which are not required to be otherwise deposited or disbursed shall be so deposited by the Trustee upon receipt of funds and such direction.

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

(i) ***Loan Account.*** The Trustee shall make payments from the Loan Account for the purpose of paying Project Costs approved by Servicer. The LACDA hereby authorizes and directs the disbursement by the Trustee of the amounts deposited in the Loan Account in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Owner, to such contractors or subcontractors as specified in writing to the Trustee by the Owner) from time to time upon receipt by the Trustee of a completed and fully executed Requisition duly approved by Servicer.

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

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

(ii) *Equity Account.* The Trustee shall make payments from the Equity Account to pay (A) all costs of acquisition, construction, rehabilitation and equipping of the Project other than Qualified Costs of the Project, and (B) to the extent amounts on deposit in the Loan Account are insufficient for such purposes, all Qualified Costs of the Project, in each case pursuant to a completed and fully executed Requisition approved by Servicer.

(iii) *Capitalized Interest.* On the last Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer funds from the Capitalized Interest Account to the Revenue Fund to pay accrued interest on the Bond through the date immediately preceding such Interest Payment Date, without any requirement or condition of submission of any Requisition. On the Maturity Date or date of earlier payment of the Bond in full, amounts held in the Capitalized Interest Account shall be deposited to the Revenue Fund.

(iv) *Costs of Issuance Account.* Amounts in the Costs of Issuance Account shall be paid by the Trustee on or after the Closing Date to the California Debt and Investment Advisory Commission ("CDIAC") in the amount up to \$_____ upon delivery of an invoice to the Trustee from CDIAC. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than 90 days following the Closing Date, shall be transferred to the Equity Account of the Project Fund and the Costs of Issuance Account shall be closed.

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

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

Section 5.03. [Reserved].

Section 5.04. Condemnation Awards and Insurance Proceeds.

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

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

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

Section 5.05. [Reserved].

Section 5.06. [Reserved].

Section 5.07. Revenue Fund.

(a) There shall be deposited in the Revenue Fund all amounts transferred from the Project Fund or received from the Borrower pursuant to Section 3.02 of the Loan Agreement with respect to the Loan Documents, as provided in this Indenture, or from the Guarantor under the Guaranty, including payments of interest and principal and voluntary and involuntary prepayments of the Loan and investment earnings on investments held in the Funds and Accounts created by this Indenture (except as otherwise provided in Section 5.08 and Section 5.10).

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

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

(ii) on each Bond Payment Date, to the payment of the principal of or redemption price (or purchase price in the event of an election of Borrower under Section 4.04) of, interest on the Bond;

(iii) on each [Month of Closing] 30 commencing [Month of Closing] 30, 2020, to the payment of the fees of the LACDA due pursuant to Section 7(n) of the Regulatory Agreement; on each [Month of Closing] 30 commencing [Month of

Closing] 30, 2020, to the payment of the Trustee Fee, and on the first day of each month to the payment of the fees of the Owner and the Servicer, if any, due and owing under the Loan Documents and this Indenture;

(iv) on the first day of each month, to the payment of any other amounts then due and owing under the Loan Documents; and

(v) on the first day of each month, to the Borrower or such other party as may be legally entitled thereto.

(c) Upon the payment in full of the Bond and the fees and expenses of the LACDA and the Trustee and the payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to Section 5.08 hereof) shall be paid to the Borrower.

Section 5.08. Rebate Fund.

(a) The Rebate Fund shall be held and applied as provided in this Section 5.08. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment, to the extent required under the Code and as calculated by the Rebate Analyst, for payment to the United States Government. None of the LACDA, the Borrower or the Owner shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate.

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

(c) Notwithstanding any provision of this Indenture to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulation (the "Arbitrage Rules"), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules and the fair market value of any investment made hereunder, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the moneys received by the Trustee pursuant to the written instructions of the Authorized Representative of the Borrower given in accordance with Section 5.09 hereof. The Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of the Borrower or any of the instructions received by the Trustee under this Section comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the LACDA for compliance with the provisions of the Indenture with respect to the Arbitrage Rules.

(d) Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the rebate amount to the United States and to comply with all other requirements of this Section 5.08 shall survive the defeasance or payment in full of the Bond.

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

(f) To the extent provided by the Borrower, the Trustee shall keep such records of the computations made pursuant to this Section 5.08 as are required under Section 148(f) of the Code. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bond and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

(g) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.08 need not be made if there shall have been delivered to the Trustee, the LACDA and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Bond. In the event Bond Counsel so opines, the moneys on deposit in the Rebate Fund shall be applied to such purpose as the Borrower shall direct provided that the Borrower shall deliver to the LACDA, the Trustee and the Servicer an opinion of Bond Counsel to the effect that such application will not adversely affect the exclusion from gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Bond for purposes of federal income taxation.

Section 5.09. Moneys Held in Trust; Investment of Moneys.

(a) All moneys from time to time received by the Trustee and held in the Funds and Accounts created hereby (other than the Rebate Fund) shall be held in trust as security for the benefit of the Owner of the Bond. All such moneys, including the moneys held in the Rebate Fund, shall be invested as provided in this Indenture.

(b) Any such investments shall be held by or under the control of the Trustee. A sufficient amount of such investments shall be liquidated whenever the cash balance in any Fund or Account is insufficient to pay an approved Requisition when presented. Any moneys held as a part of the Funds shall be invested or reinvested, to the extent permitted by law, in Investment Securities at the request of and as directed in writing by an Authorized Representative of the Borrower.

The Trustee shall not be liable or responsible for any loss resulting from any sale or liquidation of such investments.

Section 5.10. Investment Earnings. Earnings on investments held in the Capitalized Interest Account, the Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account shall be retained in the Capitalized Interest Account, the Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account, respectively, for application pursuant to Sections 5.02 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.07 hereof. Earnings on investments held in the Rebate Fund shall be retained therein and applied in the manner prescribed by Section 5.08 hereof, respectively.

Section 5.11. Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bond and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code.

Section 5.12. Records. The Trustee shall keep and maintain adequate records pertaining to the Funds and Accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal and interest paid on the Bond, subject to the inspection of the Borrower, the LACDA, the Trustee and the Owner of the Bond and its representatives at all reasonable times and upon reasonable prior notice.

Section 5.13. Reports From the Trustee. The Trustee shall, on or before the tenth day of each month and annually, file with the Servicer, the Borrower and the LACDA a statement setting forth in respect to the preceding calendar month or year:

- (a) the amount withdrawn or transferred by it and the amount deposited within or on account of each Fund and Account held by it under the provisions of this Indenture, including the amount of investment income on each Fund and Account;
- (b) the amount on deposit with it at the end of such month to the credit of each Fund and Account;
- (c) a brief description of all obligations held by it as an investment of moneys in each such Fund and Account;
- (d) the amount applied to the purchase or redemption of the Bond and a description of the Bond or portions of the Bond so purchased or redeemed; and
- (e) any other information which the Borrower, the Servicer or the LACDA may reasonably request and to which the Trustee has access in the ordinary course of its operations.

The LACDA and the Borrower (by its execution of the Loan Agreement) acknowledge that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the LACDA or the Borrower the right to receive brokerage confirmations of securities transactions as they occur, the LACDA and the Borrower specifically waive the right to receive such confirmations. Upon the written request of the Owner, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the Owner of the Bond. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Servicer and its agents and representatives upon reasonable prior notice.

ARTICLE VI

DEFAULT

Section 6.01. Default Under Loan Agreement; Acceleration. No default by the Borrower under the Loan Agreement shall constitute an event of default with respect to the Bond. The LACDA's, Trustee's, Borrower's, Servicer's and Owner's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. The Servicer may, upon the acceleration of the Borrower's obligations under the Loan Documents, direct the Trustee to accelerate the maturity of the Bond and apply any funds available hereunder for such purpose as provided herein (after paying the fees and expenses of the Trustee and the LACDA). Any Bond remaining outstanding shall be deemed paid upon transfer, to or at the direction of the Owner, of the Loan Documents and all security therefor free and clear of the lien of this Indenture.

The LACDA shall cooperate with the Owner, the Servicer and the Trustee in exercising rights and remedies under the Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Loan Agreement and Regulatory Agreement.

Section 6.02. Limitation of Liability to Revenues. Notwithstanding anything contained in this Indenture, the LACDA shall not be required to advance any moneys derived from the proceeds of taxes collected by the LACDA, the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Trust Estate for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bond or for any other purpose of this Indenture. The Bond is a limited obligation of the LACDA, and is payable from and secured by the Trust Estate only.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01. Trustee; Appointment and Acceptance of Duties.

(a) The LACDA hereby appoints U.S. Bank National Association as trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture. The Trustee is authorized and directed to enter into the Loan Documents to which it is a party, solely in its capacity as Trustee. In entering into such Loan Documents and taking any action under such Loan Documents, the Trustee shall be entitled to the protections, limitations from liability and indemnification granted to it under the Indenture and the Loan Agreement.

(b) Unless otherwise provided, the corporate trust offices of the Trustee are designated as the respective offices or agencies of the Trustee for the authentication and delivery of the Bond.

Section 7.02. Responsibilities of Trustee.

(a) The recitals of fact herein and in the Bond contained (other than the certificate of authentication) shall be taken as the statements of the LACDA and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no

representations as to the validity or sufficiency of this Indenture or of any Bond issued hereunder or as to the security afforded by this Indenture, and the Trustee shall incur no liability in respect thereof. The Trustee shall be under no responsibility or duty with respect to the application of any moneys properly paid to it except as provided herein or as otherwise expressly agreed by the Trustee. Except for acceleration of the Bond pursuant to Section 6.01, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own gross negligence or willful misconduct.

(b) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 7.02.

(c) The Trustee shall cooperate fully with the Servicer in the enforcement and protection of the rights of the Owner of the Bond to the fullest extent possible under this Indenture, the Loan Documents and applicable law. Toward this end, the Trustee shall take such action as directed in writing by the Servicer, including foreclosure of the Property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owner of the Bond for purposes of enforcing the rights of the Owner of the Bond, provided that without the prior written consent of the LACDA, the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights, which shall, except with the prior written consent of the LACDA, be enforceable only by the LACDA.

(d) The Trustee shall not take any discretionary action under the Loan Documents (although approval or disapproval of disbursement of Loan proceeds and investment earnings thereon under the Loan Agreement shall be made in accordance with the terms of Article V hereof) without the written approval of the Servicer and shall, subject to the proviso of paragraph (c) of this Section, take such discretionary action permitted or required under the Loan Documents, as may be directed in writing by the Servicer.

(e) The Trustee shall notify the Servicer of any notification received by the Trustee under or pursuant to the Loan Documents promptly after receipt of said notice.

(f) [Reserved].

(g) Promptly upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give telephonic notice as soon as reasonably practicable, promptly confirmed in writing, to the Borrower, the LACDA, the Owner and all former Owners (provided that the Trustee shall not be obligated to maintain records of such former Owners or to retain records relating to such former Owners for more than six years).

(h) 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 LACDA, or in accordance with the directions of the Owner 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;

(i) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, unless the Trustee shall be specifically notified in writing of such default by the LACDA or the Owner, or (ii) any default under the Regulatory Agreement unless the Trustee shall be specifically notified in writing of such default by the LACDA;

(j) Before taking any action under this Indenture or any Loan Document at the request or direction of the Owner, the Trustee may require that satisfactory indemnity be furnished by the Owner, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(k) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(l) The immunities extended to the Trustee also extend to its directors, officers and employees;

(m) 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;

(n) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Owner related to the exercise of any right, power or remedy available to the Trustee;

(o) The Trustee shall have no duty to review any financial statements or information filed with it by the Borrower under the Loan Agreement;

(p) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(q) 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.

(r) 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 LACDA or a certificate of the Owner; and such certificate of the LACDA or a certificate of the Owner shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(s) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document.

Section 7.03. Evidence on Which Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel selected by it in respect of any action taken or suffered by the Trustee under this Indenture and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(b) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of this Indenture by the LACDA to any Trustee shall be sufficiently executed if executed in the name of the LACDA by an Authorized Representative of the LACDA.

Section 7.04. Compensation; No Trustee Liens. The Borrower shall pay to the Trustee, from time to time the amounts required to be paid to the Trustee under Section 3.02(c) of the Loan Agreement, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture.

Section 7.05. Certain Permitted Acts. The Trustee may become the owner of the Bond with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owner of the Bond or to effect or aid in any reorganization growing out of the enforcement of the Bond or this Indenture.

Section 7.06. Resignation of Trustee. The Trustee may resign at any time and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days' written notice to the LACDA, the Borrower and the Owner of the Bond, provided that no resignation shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 60 days after the giving of such notice of

resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 7.07. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the LACDA or by the Servicer (subject to the prior written consent of the LACDA, which consent shall not be unreasonably withheld or delayed, if such removal is not for cause) and filed with the Trustee and the Borrower, provided that no removal shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture

Section 7.08. Appointment of Successor Trustee; Temporary Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Servicer shall appoint a successor Trustee, subject to the prior written consent of the LACDA (which consent shall not be unreasonably withheld or delayed).

Section 7.09. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the LACDA, the Servicer and to any Owner which shall request the same, an instrument accepting such appointment and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named; but the Trustee ceasing to act nevertheless, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to this Indenture. Should any deed, conveyance or instrument in writing from the LACDA be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the LACDA.

Section 7.10. Merger or Consolidation of Trustee. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 7.11. Servicer. The Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the LACDA and the Borrower) a mortgage servicer to service the Loan for all or a portion of the term of the Loan. The Servicer shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the Servicing Agreement. Any Servicer appointed hereunder may be removed at any time, with or without cause, by the Owner,

by written notice to the LACDA, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Owner.

ARTICLE VIII

AMENDMENTS AND SUPPLEMENTAL INDENTURES; AMENDMENTS OF LACDA DOCUMENTS

Section 8.01. Supplemental Indentures Not Requiring Consent of the Owner of the Bond. The LACDA and the Trustee may, without the consent of, or notice to, the Owner of the Bond (but only with the prior written consent of the Servicer and with notice to the Borrower), enter into one or more Supplemental Indentures for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owner of the Bond or the Trustee, or to make any change which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Owner of the Bond;
- (c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral;
- (d) to evidence the appointment of a separate Trustee or co-Trustee or the succession of a new Trustee; or
- (e) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the LACDA may deem necessary or desirable to maintain the exclusion from gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation of interest on the Bond.

Section 8.02. Supplemental Indentures Requiring Consent of Owner of the Bond.

(a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the LACDA nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owner.

(b) If at any time the LACDA and the Trustee shall desire to execute and deliver a Supplemental Indenture for any of the purposes of this Section 8.02, the Trustee shall, upon being provided with reasonably satisfactory arrangements for payment of its fees and expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to the Owner of the Bond. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by the Owner of the Bond. If within 60 days or such longer period as shall be prescribed by the LACDA

following the giving of such notice, the Owner of the Bond Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no subsequent Owner of the Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the LACDA from adopting the same or from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 8.03. Reliance on Opinion of Counsel. The Trustee and the LACDA shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the LACDA, the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bond to be includable in gross income of the Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation.

Section 8.04. Consents Required. Anything herein to the contrary notwithstanding, a Supplemental Indenture described in Section 8.02 hereof which adversely affects any rights of the Borrower, the Servicer or the Trustee shall not become effective unless and until the affected party shall have consented in writing to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed as provided in Section 4.05 with respect to the redemption of the Bond to the Borrower and the Servicer at least 10 days before the date of its proposed execution and delivery.

Section 8.05. Amendments of Loan Documents Not Requiring Consent of the Owner of the Bond. The LACDA, the Trustee and the Borrower may, without the consent of or notice to the Owner of the Bond (but only with the consent of the Servicer) enter into any amendment, change or modification of any of the Loan Documents as may be required (a) by the provisions of the Loan Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, (c) so as to add additional rights and remedies for the benefit of the Owner of the Bond, or (d) in connection with any other change therein which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Trustee or the Owner of the Bond.

Section 8.06. Amendments of Loan Documents Requiring Consent of the Owner of Bond. Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the LACDA, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owner of the Bond. If at any time the LACDA, the Trustee or the Borrower shall desire the consent to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided herein with respect to redemption of the Bond. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by the Owner

of the Bond. If, within 60 days, or such longer period as shall be prescribed by the Trustee as the case may be, following the mailing of such notice, the Owner of the Bond Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no subsequent Owner of the Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Borrower or the LACDA or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The LACDA, or the Trustee as the case may be, shall have the right to extend from time to time the period within which such consent and approval may be obtained from the Owner of the Bond. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the LACDA Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

ARTICLE IX

DISCHARGE

Section 9.01. Discharge of Indenture. If the LACDA shall pay, or there shall otherwise be paid, to the Owner of the Bond the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses fees and all amounts payable to the LACDA for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the LACDA to the Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the LACDA to be prepared and filed with the LACDA and, upon the request of the LACDA, shall execute and deliver to the LACDA and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture (except as otherwise specified in Section 5.08) after the payment of principal or redemption price, if applicable, of, and interest on, the Bond. Notwithstanding the foregoing, upon such discharge the provisions of this Indenture relating to the Rebate Fund and Section 5.18(c) of the Loan Agreement shall continue in effect.

Section 9.02. Discharge by Delivery. The obligation to pay the principal of and interest on all or any portion of the Bond (the "Bond Obligations") may be discharged by the delivery of the Bond to the Trustee accompanied by written direction from the Owner thereof to cancel the Bond without payment (except as provided hereafter in this Section 9.02), and upon such delivery, such Bond Obligations shall be canceled and deemed paid. In the event only a portion of the Bond Obligations shall be canceled and deemed paid pursuant to the terms of this Section 9.02, those Bond Obligations which are not so canceled and deemed paid shall remain Outstanding for all purposes of this Indenture, provided that if the Outstanding Bond shall be delivered to the Trustee in accordance with the terms of this Section 9.02 and all of the requirements for the discharge of this Indenture (other than the payment of Bond Obligations) shall be paid and satisfied in full, then the Trustee shall discharge and release the lien of this Indenture, assign to the Owner of the Bond all right, title and interest of the Trustee in and to the Note, the Loan Agreement and the other Loan Documents, deliver to the Owner of the Bond all moneys and securities held by the Trustee

pursuant to this Indenture (except as otherwise specified in Section 5.08) up to an amount necessary to pay in full all of the principal of and interest on the Bond through such cancellation and any other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

Section 9.03. Discharge by Deposit. [With the prior written consent of the Servicer,] the obligation to pay the principal of and interest on all or a portion of the Bond may be discharged if the LACDA or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Government Obligations which do not permit the redemption thereof at the option of the issuer thereof, the principal of and interest on which when due (or upon the redemption thereof at the option of the Owner), will, without reinvestment, provide cash which together with the cash, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay and discharge the entire indebtedness on the Bond not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal of the Bond which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be (the “Defeasance Collateral”), and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower. If the period over which payments will be made from the Defeasance Collateral is greater than 90 days, the Borrower must also deliver to the Trustee a verification report prepared by a certified public accountant, with respect to the sufficiency of the Defeasance Collateral to make such payments. In addition, to discharge the obligation to pay the principal and interest on the Bond pursuant to this Section 9.03, the LACDA or the Borrower must (a) obtain an opinion of Bond Counsel addressed to the LACDA and the Trustee to the effect that all actions have been taken to cause the defeasance of this Indenture and such actions will not adversely affect the excludability of interest on the Bond for federal income tax purposes under existing law, and (b) provide written notice to the Servicer of such discharge at least 30 days in advance.

ARTICLE X

MISCELLANEOUS

Section 10.01. Evidence of Signatures of Bond Owner and Ownership of Bond.

(a) Any request, consent, revocation of consent or other instrument that this Indenture may require or permit to be signed and executed by the Owner may be in one or more instruments of similar tenor, and shall be signed or executed by the Owner in person or by its attorneys appointed in writing. The fact and date of the execution by any Owner of the Bond or his attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(b) The ownership of the Bond and the amount, numbers and other identification, and date of holding the same, shall be proved by the registry books maintained by the Trustee.

(c) Any request or consent by the Owner of the Bond shall bind all future owners of the Bond in respect of anything done or suffered to be done by the LACDA or any Trustee in accordance therewith.

Section 10.02. Bond Not an Obligation of the State or Any Political Subdivision; Exempt from Individual Liability.

(a) 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 Los Angeles County Development Authority, the State of California, the County of Los Angeles or any political subdivision of the State of California, but is payable solely from the Project revenues and property pledged therefor in this Indenture and not from any other revenues, funds or assets of the Los Angeles County Development Authority, and neither the Los Angeles County Development Authority, the State of California, the County of Los Angeles nor any political subdivision of the State of California shall be liable thereon. The Bond shall never constitute nor give rise to a pecuniary liability of the Los Angeles County Development Authority, or of the State of California or any political subdivision thereof. The LACDA has no taxing power. Neither the LACDA, the State, nor any political subdivision thereof (except the LACDA, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Bond or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and none of the Bond or any of the LACDA's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The LACDA has no taxing power.

(b) The Bond, together with interest thereon, and redemption premium, if any, is a special, limited obligation of the Los Angeles County Development Authority 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 this indenture and in the Loan Agreement.

Section 10.03. Preservation and Inspection of Documents. All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the LACDA, any other Trustee, and any Owner of the Bond and their agents and their representatives, any of whom may make copies thereof.

Section 10.04. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the LACDA, the Trustee, the Servicer, the Borrower and the Owner of the Bond, any right, remedy or claim

under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the LACDA, the Trustee, the Servicer, the Borrower and the Owner of the Bond.

Section 10.05. No Recourse on the Bond. No recourse shall be had for the payment of the principal of or premium or interest on this Bond against any past, present or future officer, board member, employee or agent of the Los Angeles County Development Authority, or of any successor to the LACDA, as such, either directly or through the Los Angeles County Development Authority or any successor to the Los Angeles County Development Authority, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, board members, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution and issuance of the Bond.

Section 10.06. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the LACDA or any Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and in no way shall affect the validity of the other provisions of this Indenture.

Section 10.07. Successors. Whenever in this Indenture the LACDA is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the LACDA under the Act, and all the covenants and agreements contained in this Indenture by or on behalf of the LACDA shall bind and inure to the benefit of said successor whether so expressed or not.

Section 10.08. Notices, Demands and Requests. Except as otherwise provided in Section 4.05, all notices, demands and requests to be given or made under this Indenture to or by the LACDA or the Trustee shall be in writing and shall be sufficiently given and shall be deemed given (a) three days after mailing by certified mail, first-class, postage prepaid; (b) the Business Day after sending by expedited overnight delivery service; (c) the date of receipt if delivered by personal delivery; (d) if sent by facsimile transmission, the date of transmission, if receipt of such transmission is telephonically confirmed on such day and addressed to the Notice Address of the respective addressee. Either the LACDA or the Trustee may change the Notice Address listed for it at any time upon written notice of such change sent by United States mail, postage prepaid, to the other party, which change shall be effective upon receipt.

Section 10.09. Applicable Law; Venue. This Indenture shall be governed by and shall be enforceable in accordance with the laws of the State. Venue for any matter brought under this Indenture shall be in Los Angeles, California.

Section 10.10. Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 10.11. Exclusion of Bond. The Bond owned or held by or for the account of the LACDA or the Borrower shall not be deemed Outstanding for the purpose of consent or other

action or any calculation of Outstanding Bond provided for in this Indenture, and the LACDA and the Borrower shall not be entitled with respect to such Bond to give any consent or take any other action provided for herein, unless all of the Outstanding Bond is then owned by such Person.

Section 10.12. Effective Date. This Indenture shall take effect immediately upon the execution and delivery by all of the parties hereto.

Section 10.13. 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 LACDA, 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 commissioners, officers, agents or employees of the LACDA, as such, past, present or future of the LACDA, either directly or through the LACDA or otherwise, for the payment for or to the LACDA or any receiver of the LACDA, or for or to the owners of the Bond, or otherwise, of any sum that may be due and unpaid by the LACDA 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 LACDA's commissioners, officers, agents or employees of the LACDA, as such, past, present or future of the LACDA 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 LACDA may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the LACDA by the Trustee as to the existence of any fact or state of affairs, (b) the LACDA 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 and (c) none of the provisions of this Indenture shall require the LACDA 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 LACDA's commissioners, officers, agents or employees of the LACDA, 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 LACDA contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future commissioner, officer, agent or employee of the LACDA in other than that person's official capacity. No commissioner, member, officer, agent or employee of the LACDA 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the LOS ANGELES COUNTY DEVELOPMENT AUTHORITY 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, has each caused this Indenture to be signed in its name, all as of the day and year first above written.

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY, as Issuer

By: _____
Monique King-Viehland
Executive Director or Designee

Approved as to form:

Mary C. Wickham, County Counsel

Senior Deputy

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Name: Bertha Mares
Title: Vice President

EXHIBIT A
FORM OF BOND

EXCEPT AS EXPRESSLY PROVIDED IN THE TRUST INDENTURE THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF THE WRITTEN CONSENT OF THE LACDA AND AN EXECUTED PURCHASER LETTER AS PROVIDED FOR IN THE INDENTURE DESCRIBED HEREIN.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
MULTIFAMILY HOUSING REVENUE BOND
(CARSON TERRACE SENIOR APARTMENTS)
2019 SERIES D

NO.: R-1

MATURITY DATE: [Maturity Date]

DATED DATE: [Closing Date]

REGISTERED OWNER: BANK OF AMERICA, N.A.

PRINCIPAL AMOUNT: UP TO \$7,500,000

The LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, a public body, corporate and politic, organized and existing under the laws of the State of California (the “LACDA”), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, subject to prior redemption as provided in the Indenture, the sum of up to \$7,500,000, and to pay interest thereon as provided in the Indenture, payable on each Bond Payment Date, commencing on [FIPD], to the person whose name appears on the registration books as of the Record Date and to pay any other amounts as specified in the Indenture (hereinafter defined). The actual unpaid principal hereof shall be equal to the funds disbursed under the Indenture and the Loan Agreement to fund the Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Interest on this Bond shall be calculated as set forth in the Indenture. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Bond is payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of U.S. Bank National Association (the “Trustee” and “Bond Registrar”) or its successor.

The principal amount of this Bond as of any given date shall be equal to (i) the total amount of principal advanced by the Bond Purchaser, less (ii) any payment of principal on the Bond received by the Holders thereof.

This Bond is a duly authorized bond of the LACDA designated as the Multifamily Housing Revenue Bond (Carson Terrace Senior Apartments) 2019 Series D (the “Bond”), each issued pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (herein called the “Act”). The Bond is issued under and are equally and ratably secured by a Trust Indenture, dated as of [Dated Date] (the “Indenture”), as amended and supplemented, between the LACDA and the Trustee.

The proceeds from the Bond is to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of [Dated Date] (the “Loan Agreement”), between the LACDA and Carson Terrace Partners, LP (the “Borrower”), to finance the acquisition, rehabilitation and equipping by the Borrower of a multifamily rental housing project in the City of Carson, in the County of Los Angeles, California (the “Project”).

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the LACDA and the Trustee, the terms on which the Bond is issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BOND IS LIMITED OBLIGATIONS OF THE LACDA, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE LACDA, THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE LACDA, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BOND OR ANY OF THE LACDA’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE LACDA HAS NO TAXING POWER.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect

to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter as provided for in the Indenture.

The LACDA and the Trustee may deem and treat the person in whose name this Bond shall be registered, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the LACDA nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the LACDA to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bond do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the directors, members, officers, agents, employees or representatives of the LACDA nor any person executing the Bond shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, 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 expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bond.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the LACDA or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the LACDA has caused this Bond to be executed in its name by the manual or facsimile signature of its duly authorized officers all as of the Dated Date hereof.

LOS ANGELES COUNTY DEVELOPMENT
AUTHORITY

By: _____
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer of the
Board of Commissioners

Deputy

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is a Bond referred to in the within-mentioned Indenture.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power or substitution in the premises.

Date:

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within Bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

- ☐ The above signed transferor hereby represents and warrants to the Trustee and the LACDA that the above transferee is a (check as applicable):
- ☐ “qualified institutional buyer” (“Qualified Institutional Buyer”) as defined in Rule 144A promulgated under the Securities Act of 1933; or
 - ☐ an affiliate of Bank of America, N.A.

PRINCIPAL DRAW DOWN SCHEDULE

Date of Advance	Amount of Advance	Principal Balance Outstanding

EXHIBIT B
FORM OF INVESTOR LETTER

_____, 202__

Los Angeles County Development Authority
Los Angeles, California

U.S. Bank National Association, as Trustee
Los Angeles, California

\$7,500,000
Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Carson Terrace Senior Apartments)
2019 Series D

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 the Trust Indenture dated as of [Dated Date] (the “Indenture”), by and between the Los Angeles County Development Authority, California (the “LACDA”) and U.S. Bank National Association, as Trustee. The Investor understands that the Bond is not rated by any securities rating agency and is secured only by the Carson Terrace Senior Apartments 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 LACDA, by each official of the LACDA, by each employee of the LACDA, by each member of the governing board of the LACDA, and by counsel to the LACDA, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bond and Investor’s purchase of the Bond. The Investor recognizes and agrees that the LACDA, by each official of the LACDA, each employee of the LACDA, each member of the governing board of the LACDA, counsel to the LACDA, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor’s purchase of the Bond. In making an investment decision, the Investor is relying upon its own examination of the LACDA, 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 LACDA and the Borrower regarding the terms and conditions of the Bond, and the Investor has obtained all additional information requested by it in connection with the Bond.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond.

5. The Investor is purchasing the Bond solely for its own account for investment purposes and has no present intention to resell or distribute the Bond, provided that the Investor reserves the right to transfer or dispose of the Bond, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter and otherwise as set forth in the Indenture. The Investor hereby agrees that the Bond may only be transferred in whole and in accordance with the Indenture, including Article III thereof, to a single investor, which must execute and deliver to the parties addressed above a form of this Investor Letter.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (a) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “1933 Act”), (b) in accordance with any applicable state securities laws, and (c) in accordance with the transfer restrictions set forth in the Bond and the Indenture. The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement and that it will not sell any participating interest in the Bond without the prior written consent of the LACDA.

7. The Investor is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 (“Rule 144A”) or is otherwise a Sophisticated Investor; it understands that the Bond may be offered, resold, pledged or transferred only in whole and only to a person who is a “qualified institutional buyer,” as defined in Rule 144A.

8. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this Letter or such other materials as are required by the Bond and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor Letter and the written consent of the LACDA.

9. Neither the Trustee, Bond Counsel, counsel to the LACDA, the LACDA, 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 LACDA, 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

LACDA 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 LACDA, 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 LACDA, payable solely from the revenues or other amounts provided by or at the direction of the Owner, and is not an obligation payable from any other revenues, funds or assets of the LACDA, the State of California or any political subdivision of the State of California. The Investor acknowledges that the LACDA 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 LACDA, the LACDA's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the LACDA 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,

_____, as Investor

By _____
[Authorized Officer]

[Signature Page to Carson Terrace Investor Letter]

LOAN AGREEMENT

among

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY,
as Issuer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

CARSON TERRACE PARTNERS, LP,
as Borrower

Relating to

\$7,500,000
Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Carson Terrace Senior Apartments)
2019 Series D

Dated as of [Dated Date]

The interest of the Los Angeles County Development Authority (the “LACDA”) in this Loan Agreement has been assigned (except for certain “Reserved Rights” as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof by and between the LACDA and U.S. Bank National Association, as Trustee (the “Trustee”), and is subject to the security interest of the Trustee thereunder.

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of [Dated Date] (together with all supplements, modifications and amendments thereto, this “Loan Agreement”), among **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body, corporate and politic, organized and existing under its charter and the laws of the State of California (together with its successors and assigns, the “LACDA”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee under the herein defined Indenture (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”), and **CARSON TERRACE PARTNERS, LP**, a Delaware limited partnership (together with its successors and assigns, the “Borrower”).

WITNESSETH:

WHEREAS, the LACDA is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) to issue revenue bonds for the purpose of financing, among other things, the acquisition, rehabilitation and equipping of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto; and

WHEREAS, the Act authorizes the LACDA (a) to make loans to any person to provide financing for rental residential developments located within the County of Los Angeles and intended to be occupied in part or in whole by persons of low and moderate income, as determined by the LACDA; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the LACDA, including the revenues and receipts to be received by the LACDA from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the LACDA in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the LACDA has determined that it is in the public interest to issue its Multifamily Housing Revenue Bond (Carson Terrace Senior Apartments) 2019 Series D in the aggregate principal amount of \$7,500,000 (the “Bond”) pursuant to the Trust Indenture dated as of the date hereof (the “Indenture”), executed by the LACDA and U.S. Bank National Association, as trustee (the “Trustee”), for the purpose of providing funding necessary for the acquisition, rehabilitation and equipping by the Borrower of a 63 unit multifamily rental housing project in the City of Carson, in the County of Los Angeles, California known as the Carson Terrace Senior Apartments (the “Project”); and

WHEREAS, pursuant to this Loan Agreement, the LACDA 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, rehabilitation and equipping of the Project, (b) make payments sufficient to pay the principal of, premium, if any, and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise),

and (c) observe the other covenants and agreements and make the other payments set forth herein; and

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

WHEREAS, to secure its obligations under this Loan Agreement and the Note, the Borrower has executed, among other things, (a) a Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the “Mortgage”) for the benefit of the LACDA as secured party; (b) an Assignment of Contracts, Plans and Specifications (as the same may be amended, modified or supplemented from time to time, the “Assignment of Project Documents”) and (c) a Security Agreement (Assignment of Partnership Interest and Capital Obligations (as amended, modified or supplemented from time to time, the “Partnership Assignment”) each dated as of even date with this Loan Agreement;

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following capitalized terms shall have the meanings specified in this Article unless the context requires otherwise. All other capitalized terms used herein which are defined in the Indenture and not defined herein shall have the respective meanings ascribed thereto in the Indenture unless otherwise expressly provided or unless the context otherwise requires. The singular shall include the plural and the masculine shall include the feminine and neuter shall include the masculine or feminine.

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

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

which is an “Affiliate” (as defined above) of such corporation. With respect to a limited liability company, “Affiliate” shall include, without limitation, any member who owns more than a 10% interest therein.

“*AHAP Contract*” means that certain PBV Agreement to Enter Into Housing Assistance Payments Contract by and between the Borrower and the LACDA, together with all extensions, renewals, replacements and substitutions thereof.

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

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

“*Architect*” means Studio One Eleven, a California corporation.

“*Architect’s Contract*” means that certain Consulting Contract dated October 24, 2019, between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the construction and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.

“*Bank*” means Bank of America, N.A., and its successors and assigns.

“*Change Order*” means a change made to the Plans and Specifications, as evidenced by a written change order request in accordance with the terms of the Construction Contract.

“*Closing Date*” means [Closing Date], the date of original issuance and delivery of the Bonds.

“*Construction Contract*” means the contract between the Borrower and the Contractor, providing for the construction and equipping of the Improvements and certification of Requisitions, among other things.

“*Consulting Engineer*” has the meaning set forth for that term in the Construction Disbursement Agreement.

“*Contractor*” means MFIBCA, LLC d/b/a MFRG-ICON Construction.

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

“*Default*” or “*Event of Default*” means, when referring to (a) the Indenture, an event or condition specified or defined as such by Article VI of the Indenture and (b) this Loan Agreement, an event or condition specified or defined as such by Section 7.01 hereof.

“Density Bonus Restrictions” mean density bonus restrictions, if any, set forth in the Subordinate Loans and any other documents attendant to the funding of such loans.

“Development Budget” means the budget for total estimated Project Costs and sources of payment attached to the Construction Disbursement Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and the Construction Disbursement Agreement.

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

“Disbursement Agreement” means the Construction Disbursement Agreement dated as of [Dated Date], between the Borrower and Bank of America, N.A., as the initial purchaser of the Bond.

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

“General Partner” means collectively Los Angeles Housing Partnership Corporation, Inc., a California nonprofit public benefit corporation, and Carson Terrace GP, LLC, a Delaware limited liability company, together with any permitted successors and assigns as a general partner of Borrower.

“General Partner Documents” means the Partnership Agreement and any other documents that govern the formation, organization, management and funding of General Partner’s respective partnership.

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

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

“Guarantor Documents” means the Payment Guaranty, the Completion Agreement and the Indemnity Agreement (Third Party Indemnity).

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

“Improvements” means the 63-unit (plus one manager unit) multifamily rental housing project with related site improvements and amenities located on the Land and constructed, equipped and furnished in accordance with the Plans and Specifications.

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

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

“Initial Notification of Taxability” means the receipt by the Trustee or the Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that interest on the Bond is not excluded, or will not in the future be excluded, from the gross income of the owners of the Bond for federal income tax purposes.

“LACDA’s Closing Fee” means the LACDA’s issuance fee payable by the Borrower to the LACDA on or before the Closing Date.

“LACDA’s Ongoing Fee” means the annual fee of the LACDA with respect to the Bond in the amount as set forth in and in accordance with and pursuant to the provisions of Section 7(n) of the Regulatory Agreement.

“Land” means the real property described in Exhibit A attached hereto.

“Lien” means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes.

“Loan Fee” means an amount equal to 1% of the maximum principal amount of the Bond, or \$75,000 to the Bank.

“Management Agreement” means that certain Property Management Agreement dated as of [Date of PMA] between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

“*Manager*” means Richman Property Services, Inc., or any successor manager of the Project approved by the Servicer and the LACDA (which approval of the LACDA shall not be unreasonably withheld and shall be deemed granted if not rejected within 10 days of receipt of written request therefor).

“*Monthly Lease Up Report*” means a report in the form of Exhibit F attached hereto.

[“*Net Operating Income*” means, for any period, (a) the lesser of (i) actual Project Revenues for such period or (ii) Project Revenues as projected in the Appraisal dated _____ for such period, adjusted to reflect a 5% vacancy rate less (b) the greater of (i) Operating Expenses for such period or (ii) the allocable portion of Projected Operating Expenses.]

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

[“*Operating Expenses*” means, for any period, the aggregate amount of expenses incurred by the Borrower in connection with the Project pursuant to arm’s length transactions for ordinary and necessary expenses sufficient to provide the amenities and services associated with a multi-family residential facility as follows: labor costs; general maintenance; legal and accounting fees relating solely to the operation of the Project (and not partnership administration, other than audit and other expenses incurred by the Borrower relating solely to the operation of the Project); general and administrative costs of the Borrower directly attributable to the Project (and not partnership administration) and advertising and marketing costs; supplies for the Project; non-capital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the management agreement up to an amount equal to 5% of Project Revenues; costs of licenses, permits and similar fees relating to property operations; premiums for insurance required pursuant to the Loan Agreement; charges for electricity and other utilities; real estate taxes, water and sewer rents and assessments; and all other expenses incurred in connection with the ordinary course of property operations and maintenance. The foregoing expenses and fees paid to Affiliates of the Borrower, with the Servicer’s consent, shall be included as Operating Expenses in an amount equal to the actual fees and expenses paid or payable to such Affiliate, but in no event greater than amount that customarily would be paid to an unaffiliated third party on an arm’s-length basis for such services. Without limiting the generality of those items which shall be excluded from the definition of Operating Expenses, the following shall be specifically excluded from such calculation: depreciation, amortization and other non-cash items; all partnership administrative expenses (including, without limitation, legal, accounting, and other professional expenses); prepaid expenses which are not customarily prepaid in the ordinary course of business; any termination or similar fee in connection with financing for the Project; scheduled debt service and scheduled principal payments on Indebtedness related to the Project; penalties, late fees and similar charges arising from or on account of the Borrower’s failure to pay any monetary obligations; any costs, expenses or fees, including interest, payable by the Borrower on advances made by the Servicer, the LACDA or the Trustee after an Event of Default, and franchise and income taxes of the Borrower.]

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

“Partnership Agreement” means that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as of [Closing Date], among the General Partner and the Investor Limited Partner, as the same may be amended, modified or supplemented from time to time, subject to the terms hereof.

“Partnership Documents” means, collectively, the Partnership Agreement and any other documents that govern the formation, organization, management and funding of Borrower’s partnership.

“Permitted Encumbrances” has the meaning set forth for that term in the Mortgage.

“Person” or *“person”* means 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.

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

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

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

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

[*“Project Revenues”* means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof (other than revenue from Section 8 vouchers to the extent such revenue causes the rent on any unit to exceed the lower of (i) maximum allowable tax credit rent designated for that unit or (ii) the average rent being achieved for similar non-Section 8 subsidized units within the Project for such period), adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service and parking income, but exclusive of (A) capital contributions, (B) net proceeds from the sale or refinancing of the Project, (C) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards, (D)

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

["*Projected Operating Expenses*" means \$_____ per annum (increased on an annual basis beginning _____ by ____%), plus actual costs of utilities, insurance and Impositions (provided Impositions constituting real property taxes are based on the full assessed value of the Project following completion of construction and equipping of the Improvements as contemplated by this Loan Agreement and provided further that if the actual amount of real property taxes reflects a full or partial abatement or exemption, such abatement or exemption shall have been approved by Servicer).]

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

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

"*Related Person*" means a "related person," as defined in Section 147(a) of the Code, to any Obligor.

"*Required Equity Funds*" means the contributions by the Investor Limited Partner to the capital of the Borrower, for application to Project Costs in accordance with the Approved Budget, to be contributed and so applied in installments at times and in amounts approved by the Servicer, in the aggregate amount of \$_____.

"*Reserved Rights*" means, the rights of the LACDA hereunder pursuant to Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(f), 2.03(j), 2.03(l), 3.02(c), 3.02(f), 5.03, 5.06, 5.10, 5.13, 5.14, 5.18, 5.19, 5.23, 6.01(b), 6.03(a)(B), 7.04, 7.08 8.01, 8.02 and 8.13 hereof, which are retained and not assigned to the Trustee and those other rights of the LACDA contained in the Regulatory Agreement and the Mortgage.

"*Servicer*" means the servicer of the Loan appointed pursuant to the Indenture. During any times as no servicer has been appointed pursuant to the Indenture, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Owner.

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

"*Subordinate Loans*" means collectively (i) the loan of \$_____ from the Carson Housing Authority and (ii) the loan of \$550,000 from Century Housing Corporation.

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

“*Tax Certificate*” shall mean the Tax Certificate dated the Closing Date executed and delivered by the LACDA and the Borrower, together with the Borrower Cost Certificate dated the Closing Date, executed and delivered by the Borrower.

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

“*Title Insurance Company*” means Ticor Title Insurance.

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

Section 1.02. Construction. In this Loan Agreement, unless the context otherwise requires:

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

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

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

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

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.01. Representations by the LACDA. The LACDA makes the following representations as of the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The LACDA is a public body, corporate and politic, organized and existing under the laws of the State. The LACDA has authorized the execution and delivery of this Loan Agreement and the Indenture. The LACDA has determined that the Loan will further the purposes of the Act and will serve the public purposes of the Act.

(b) The LACDA has full power and authority to consummate all transactions contemplated by this Loan Agreement, the Bond and the Indenture and any and all other agreements relating thereto.

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

(d) The LACDA makes no representation or warranty, express or implied, that the proceeds of the Bond will be sufficient to finance the construction and equipping of the Project, that the Project will be adequate or sufficient for the Borrower's intended purposes, as to the condition of the Project or that the Project will be suitable for the Borrower's purposes or needs. The LACDA has not made an inspection of the project or of any fixture or other item constituting a portion thereof, and the LACDA 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 the 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 LACDA shall have no responsibility or liability with respect thereto. The provisions of this section 2.01 have been negotiated and are intended to be a complete exclusion and negation of any warranties or representations by the LACDA, 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.

Section 2.02. Representations by the Borrower. The Borrower makes the following representations and warranties, and covenants and agrees as follows, as of and from the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

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

(b) The execution, delivery and performance of this Loan Agreement and the other Loan Documents and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower, (iv) do not

conflict with any provision of the Organizational Documents of the Borrower, and (v) do not require the approval or consent of, or filing with, any governmental agency or authority other than those already obtained and the filing of certain of the Loan Documents in the appropriate public records.

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

(d) The Borrower is, and will at all times be, a Single Purpose Entity.

(e) The address of the Borrower's chief executive office and principal place of business is c/o JDF, LLC, 777 West Putnam Avenue, Greenwich, Connecticut 06830. The organizational identification number for the Borrower is [Borrower's organizational identification number]. The federal employer identification number for the Borrower is 84-2951750.

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

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

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

(i) The Borrower and each Obligor (i) has made or filed, and will make or file in a timely fashion, all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid, and will pay when due, all taxes and other governmental assessments and charges shown or determined

to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings, (iii) if a partnership, limited liability partnership or limited liability company, has, and will maintain, partnership tax classification under the Code, and (iv) has set aside, and will at all times set aside, on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the period to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the partners, officers, members or trustees of the Borrower know of no basis for any such claim. The Borrower has filed, and will continue to file, all of such tax returns, reports, and declarations either (x) separately from any Affiliate or (y) if part of a consolidated filing, as a separate member of any such consolidated group.

(j) The Project is located wholly within the State and within the jurisdiction of the LACDA.

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

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

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

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

(o) The Borrower is not contemplating either the filing of a petition by it or by the General Partner under any state or federal bankruptcy or insolvency law or the

liquidation of all or a major portion of its property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it or any Obligor.

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

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

(r) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

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

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

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

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

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

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

(y) The Borrower has obtained all Project Approvals required for the acquisition, rehabilitation and equipping of the Project in accordance with the Plans and Specifications. All Project Approvals obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Project Approvals required for acquisition, rehabilitation and equipping of the Project in accordance with the Plans and Specifications and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course in order to permit completion of construction and equipping of the Project in accordance with the Plans and

Specifications on or before the Completion Deadline. The Borrower will timely obtain all Project Approvals not heretofore obtained by the Borrower (including those required for use and occupancy of the Project for its intended purpose upon Completion and any other Project Approvals which may hereafter become required, necessary or desirable) and will furnish the Servicer with evidence that the Borrower has obtained such Project Approvals promptly upon their receipt. The Borrower will duly perform and comply with all of the terms and conditions of all Project Approvals obtained at any time. No Project Approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure, deed in lieu of foreclosure or exercise of power of sale under the Mortgage.

(z) The Borrower has furnished the Bank with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the initial Servicer comply with all Legal Requirements, all Project Approvals, and all restrictions, covenants and easements affecting the Project, and have been approved by such Governmental Authority as is required for construction and equipping of the Improvements.

(aa) The Development Budget accurately reflects all Project Costs.

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

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

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

(ee) The Construction Contract and the Architect's Contract are each in full force and effect and each of the parties thereto are in full compliance with their respective obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the work called for by the Plans and Specifications, and all work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract.

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

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

(hh) The Borrower acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency require granting the Borrower the right to receive brokerage confirmations of securities transactions as they occur, the Borrower specifically waives the right to receive such confirmations.

Section 2.03. Covenants by the Borrower. The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

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

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

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

(d) Indemnify the LACDA, the Trustee, the Owner and the Servicer against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby;

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

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

(g) Comply with all restrictions, covenants and easements affecting the Land or the Project;

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

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

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

(k) [Commencing on the fifth anniversary of the Closing Date, and on such anniversary in each fifth year thereafter, cause to be delivered to the Trustee and the Servicer, if so requested by the Trustee or the Servicer, at Borrower's cost, an opinion of counsel, who may be counsel for the Borrower, addressed to the Trustee and the Servicer and stating that based upon the law in effect on the date of such opinion no filing, registration or recording and no refiling, re-registration or rerecording of the Mortgage and any Financing Statement, amendments thereto, continuation statements or instruments of a similar character relating to the pledges and assignments made by the Borrower to the LACDA or the Trustee to or for the benefit of the Owner of Bond is required by law in order to fully preserve and protect the rights of the LACDA, the Trustee and the Owner of Bond, as the case may be, or if such filing, registration, recording, refiling, re-registration or rerecording is necessary, setting forth the requirements in respect thereof; and cause such filing, registration, recording, refiling, re-registration or rerecording to take place at Borrower's expense and promptly after any filing, recording, refiling or rerecording of the Mortgage and any such Financing Statement or amendment thereto or continuation statement or instrument, deliver to the Trustee and the Servicer evidence, satisfactory to the Trustee and the Servicer, that such filing, registration, recording, refiling, re-registration, or rerecording has been duly accomplished and setting forth the particulars thereof;]

(l) Promptly notify the LACDA, the Trustee and the Servicer in writing of any (i) default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Loan Agreement or any other Loan Documents or (ii) any event or condition which with the lapse of time or the giving of notice, or both would constitute an Event of Default under this Loan Agreement or any other Loan Documents.

ARTICLE III

LOAN AND PROVISIONS FOR REPAYMENT

Section 3.01. Issuance of Bond and Delivery of Note and other Loan Documents.

(a) In order to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Project, the LACDA has issued and caused the Trustee to authenticate and deliver the Bond pursuant to the Indenture to the initial Owner. The Bond bears interest and is payable as provided therein and in the Indenture. The Bond shall mature and all Outstanding principal of and interest on the Bond shall be due and payable in full on the Maturity Date applicable to the Bond, all as provided more fully in the Bond and the Indenture.

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

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

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

Section 3.02. Loan Repayments and Other Amounts.

(a) The Borrower shall pay to the Trustee, for deposit into the Revenue Fund on the first day of each month commencing [Month after month of issuance] 1, 2019, an amount equal to the sum of (A) the interest due on the Bond on said date (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund), and (B) the principal, if any, due on the Bond on said date. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

(b) [The Borrower understands that the interest rate applicable under the Note and with respect to the Bond is based upon the assumption that interest income paid on the Bond will be excludable from the gross income of the Owner under Section 103 of the Code and applicable state law. In the event that an Initial Notification of Taxability shall occur, then the interest rate on the Note and the Bond, and on all obligations under this Loan Agreement (other than those to which the Alternative Rate applies) shall, effective on the date of such Initial Notification of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Trustee, for deposit into the Revenue Fund, promptly upon demand from the Trustee or the Servicer, an amount equal to the Additional Interest payable on the Bond. The Borrower shall also indemnify, defend and hold the Owner harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Owner's and Trustee's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bond and any interest payable to any Owner with respect to the Bond. The obligations of the Borrower under this Section 3.02(b) shall survive termination of this Loan Agreement and the Note and repayment of the Loan. If, following any increase in interest rate pursuant to this Section 3.02(b), a final determination is made, to the satisfaction of the Owner, that interest paid on the Bond is excludable from the Owner's gross income under Section 103 of the Code and applicable state law, the Owner shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 3.02(b).]

(c) The Borrower agrees to pay the Trustee Fee and Trustee expenses to the Trustee and agrees to pay the LACDA's Closing Fee and the LACDA's On Going Fee. The Borrower also agrees to pay all fees, charges and expenses of the Trustee and the LACDA, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the LACDA, Bond Counsel and counsel to the Trustee), as and when the same become due. The Borrower also agrees to pay the printing and engraving costs of the Bond, including any certificates required to be prepared for use in connection with any exchanges of the Bond for the cost of which Owner is not liable. The Borrower also agrees to pay the Loan Fee to Bank on or before the Closing Date, to pay the fees of the Owner and the Servicer, and to pay all reasonable costs and expenses incurred by the Owner and the Servicer in connection with the administration of the Bond, the Loan or the collateral therefor, and any amendments, modifications or "workouts" thereof, including without limitation reasonable attorneys' fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs, all as set forth in and in accordance with the terms of the Construction Disbursement Agreement.

(d) The Borrower agrees to pay all Costs of Issuance (in addition to those Costs of Issuance otherwise required to be paid by this Section 3.02).

(e) The Borrower agrees to pay, as and when the same become due, to the LACDA or the Trustee any extraordinary expenses, including, without limitation, any costs of litigation, which may be incurred by the LACDA or the Trustee in connection with this Loan Agreement or the Indenture, including the reasonable, actually incurred costs and

fees of any attorneys or other experts retained by the LACDA or the Trustee in connection therewith.

(f) The Borrower agrees to repay the Loan at the times and in the amounts necessary to enable the Trustee, on behalf of the LACDA, to pay all amounts payable with respect to the Bond, when due, whether at maturity or upon redemption, acceleration, tender, purchase or otherwise.

Section 3.03. Payments Pledged and Assigned. It is understood and agreed that the Loan Documents and certain other documents and property and all payments required to be made by the Borrower pursuant hereto (except payments to be made to the LACDA in respect of its Reserved Rights) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bond. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the LACDA, to the extent of the assignment, for purposes of said documents and property.

Section 3.04. Obligations of Borrower Hereunder Unconditional. The obligations of the Borrower to make any payments required by the terms of this Loan Agreement and the other Loan Documents, including, without limitation, the payments required in Section 3.02 hereof, and to perform and observe the other agreements on its part contained herein and in the other Loan Documents shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set off, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (b) will perform and observe all of its other agreements contained herein and the other Loan Documents and (c) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete construction and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the LACDA to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the LACDA or its assign (provided the LACDA or assign is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the LACDA, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the LACDA in any such action or proceeding if the Borrower shall so request.

ARTICLE IV

ADVANCES

At such time as the Borrower shall desire to obtain an advance from the Loan Account, the Insurance and Condemnation Proceeds Account, or the Equity Account of the Project Fund, the Borrower shall complete, execute and deliver a Requisition to the Servicer and the LACDA. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as Exhibit D to the Indenture. The Trustee may rely conclusively on the statements and certifications contained in any Requisition. The Borrower shall not submit any Requisition directly to the Trustee. Each advance from the Loan Account, the Insurance and Condemnation Proceeds Account, or the Equity Account of the Project Fund by the Trustee shall be subject to prior approval of the Requisition by the Servicer and the LACDA as provided in the Indenture. Upon receipt of approvals, the Servicer shall forward each Requisition to the Trustee for payment.

ARTICLE V

SPECIAL COVENANTS OF THE BORROWER

Section 5.01. Commencement and Completion of Project. The Borrower will commence construction and equipping of the Improvements within 30 days after the Closing Date, will diligently pursue construction and equipping of the Improvements, will attain Completion prior to the Completion Deadline, and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction and equipping, all as more fully set forth in the Construction Disbursement Agreement.

Section 5.02. Records and Accounts. The Borrower will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with Generally Accepted Accounting Principles, which records and books will not be maintained on a consolidated basis with those of any other Person, including any Affiliate of the Borrower and (b) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation and amortization of its properties, contingencies, and other reserves, all of which accounts shall not be commingled with accounts of any other Person, including any or Affiliate of the Borrower.

Section 5.03. Financial Statements and Information. Borrower shall provide or cause to be provided to LACDA (only upon request) and Servicer the financial reports set forth in Exhibit L of the Disbursement Agreement. In addition, upon Servicer's request, Borrower will deliver, or cause to be delivered, such additional information as Servicer may reasonably require, including without limitation, a leasing report.

Section 5.04. Insurance.

(a) The Borrower will obtain and maintain insurance with respect to the Project and the operations of the Borrower as required from time to time by the Servicer. The initial insurance requirements are set forth on Exhibit E hereto. All renewal policies, with premiums paid, shall be delivered to the Servicer at least 30 days before expiration of the

existing policies. If any such insurance shall expire or be canceled, or become void or voidable by reason of the breach of any condition of coverage, or if the Servicer determines that any coverage is unsatisfactory by reason of the failure or impairment of the capital of any insurance carrier, or if any insurance is unsatisfactory to the Servicer, in its sole judgment, the Borrower shall promptly place new insurance satisfactory to the Servicer.

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

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

Section 5.05. Liens and Other Charges. The Borrower will duly pay and discharge, cause to be paid and discharged, or provide a bond satisfactory to the Servicer to pay or discharge, before the same shall become overdue all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its property.

Section 5.06. Inspection of Project and Books, Appraisals.

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

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

(c) The LACDA, the Trustee and the Servicer shall have the right to obtain from time to time, at the Borrower's cost and expense, updated Appraisals of the Project, provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay for the costs and expenses associated with one such Appraisal during any 12-month period.

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

Section 5.07. Compliance With Laws, Contracts, Licenses and Permits. The Borrower will comply with (a) all Legal Requirements, (b) the provisions of its Organizational Documents, (c) all applicable decrees, orders and judgments, and (d) all licenses and permits required by applicable laws and regulations for the conduct of its business or the ownership, use or operation of its properties, including all Project Approvals.

Section 5.08. Use of Proceeds. In accordance with the Development Budget, the Borrower will use the proceeds of the Bond solely for the purpose of paying for Project Costs.

Section 5.09. Borrower To Pay Excess Project Costs. The Borrower will pay when due all costs of acquisition, rehabilitation and equipping of the Project in excess of the proceeds of the Bond, regardless of the amount. If at any time, the Servicer shall in its sole discretion determine that the remaining undisbursed portion of the Project Fund, together with the undisbursed balance of Required Equity Funds, and any other sums previously deposited or to be deposited by the Borrower in connection with the Project, is or will be insufficient to: (a) complete the construction and equipping of the Improvements in accordance with the Plans and Specifications; (b) operate and carry the Project after Completion until the date upon which revenues from the Project are sufficient to pay all Operating Expenses, debt service on the Loan, Project Costs and all other sums due hereunder and under all other Loan Documents; or (c) pay all other Project Costs, to pay all interest accrued or to accrue on the Loan from and after the date hereof until the date upon which revenues from the Project are sufficient to pay all Operating Expenses, debt service on the Loan, Project Costs and all other sums due or to become due hereunder and under all other Loan Documents, (or any budget category or line item), regardless of how such condition may be caused, the Borrower will, within 10 days after written notice of such determination from the Servicer, deposit with the Trustee such sums of money in cash as the Servicer may require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements, and, at the Servicer's direction, no further disbursements from the Project Fund shall be made by the Trustee until the provisions of this Section have been fully complied with. The Servicer may direct the Trustee to enforce the Completion Agreement in accordance with its terms, and upon such direction, the Trustee shall proceed to enforce the Completion Agreement. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of an Event of Default hereunder, shall be disbursed by the Trustee in the same manner as disbursements under the Indenture before any further disbursements from the Project Fund shall be made by the Trustee. Notwithstanding the above, in the event amounts deposited hereunder are actually in excess of the amount necessary to achieve Completion, such excess amounts shall be returned to the Borrower.

Section 5.10. Laborers, Subcontractors and Materialmen. The Borrower will furnish to the LACDA, the Trustee or the Servicer, upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material

to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the LACDA, the Trustee or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the LACDA, the Trustee, and the Servicer, at any time and from time to time upon reasonable request by the LACDA, the Trustee, Servicer or the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the LACDA, the Trustee or the Servicer from the Contractor and such subcontractors or materialmen as the LACDA, the Trustee or the Servicer may designate.

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

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

Section 5.13. Further Assurances.

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

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

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

(d) **Bank of Account.** The Borrower will utilize Bank as its principal bank of account, including all construction disbursement, operating accounts, and reserve accounts.

Section 5.14. Notices. The Borrower will promptly notify the LACDA, the Trustee and the Servicer in writing of (a) the occurrence of any Default or Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute a Default or Event of Default; (b) the Borrower's receipt of notice from any Governmental Authority of any alleged violation of environmental laws or regulations or other Legal Requirements; (c) any labor problems with respect to the Borrower or the Project; (d) the occurrence of any other event which would have a material adverse effect on the Project or the business or financial condition of the Borrower; or (e) the receipt by the Borrower of any notice of default or notice of termination with respect to any contract or agreement relating to the ownership, construction, equipping, operation, or use of the Project.

Section 5.15. Solvency; Adequate Capital. The Borrower will:

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

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

Section 5.16. Management Contract.

(a) At all times during the term of this Loan Agreement, the Project shall be managed pursuant to a management contract with the Manager, which contract shall be terminable with or without cause by the Borrower or its successors as owners of the Project and shall otherwise be in form and substance satisfactory to the Servicer. The Borrower acknowledges that the LACDA, the Trustee and the Servicer will rely on the Manager's experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

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

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

(iii) the terms of any management contract shall provide for management fees in excess of [3]% of the Project Revenues to be subordinate to payments owed by the Borrower under the Loan Documents and otherwise must be acceptable to the Servicer in all respects.

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

(c) The Project will be managed by the Manager pursuant to the Management Agreement. The Borrower acknowledges and agrees that Trustee, as mortgagee under the Mortgage, is and shall be a third-party beneficiary of the Management Agreement and any replacement management agreement. Any amendment to the Management Agreement or delivery of a replacement management agreement must be approved in writing by the Servicer.

Section 5.17. Negative Covenants of the Borrower. The Borrower covenants and agrees that, so long as the Loan is outstanding:

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

(b) ***No Amendments, Terminations or Waivers.*** Neither the Borrower nor the General Partner shall amend, supplement, terminate or otherwise modify or waive any provision of its Organizational Documents, the documents evidencing the Subordinate Loans or any documents relating to the contribution of equity by the partners of the Borrower without obtaining the prior written consent of the Servicer.

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

(i) Indebtedness arising under the Loan Documents;

(ii) Indebtedness arising in connection with the Subordinate Loans;

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

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

(v) Deferred development fee; and

(vi) Loans and advances from any partner of the Borrower.

(d) ***Restrictions on Liens.*** The Borrower shall not subject the Project, or permit the Project to be subjected, to any Lien or encumbrance except as permitted pursuant to Article 6 of the Mortgage.

(e) ***Transfers.*** The Borrower shall not transfer the Project or any interest in the Project, in the Borrower or in any partner of the Borrower, or permit any such transfer, except (i) as permitted pursuant to Article 6 of the Mortgage, or (ii) as permitted pursuant to the Construction Disbursement Agreement.

(f) ***Merger, Consolidation, Conversion and Disposition of Assets.***

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

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

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

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

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

Section 5.18. Tax Covenants. The Borrower hereby represents, warrants and agrees that all certifications and representations of fact made by the Borrower in the Tax Certificate are true, accurate and complete in all material respects of the date on which executed and delivered. The Borrower represents, warrants and covenants that the Borrower shall not take any action or omit to take any action within its direct or indirect control which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Bond from gross income (as defined in Section 61 of the Code), for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Loan Agreement and the Regulatory Agreement, as may be 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 Department of the Treasury

or the Internal Revenue Service applicable to the Bond or affecting the Project and to comply with the provisions of the Tax Certificate.

Section 5.19. Indemnification.

(a) The Borrower hereby releases the LACDA, the Trustee and the Servicer (including any Person at any time serving as officers, directors, agents, officials, employees, counsel, attorneys and agents, past, present and future (and as to the LACDA, members of its governing body) and any person who controls the LACDA, Trustee or Servicer within the meaning of the Securities Act of 1933, from and agrees that the LACDA, the Trustee and the Servicer (including any Persons at any time serving as officers, directors, agents, officials, employees, counsel, attorneys and agents, past, present and future (and as to the LACDA, members of its governing body) and any person who controls the LACDA, Trustee or Owner within the meaning of the Securities Act of 1933, shall not be liable for, and to the maximum extent permitted by law, agrees to indemnify and hold the LACDA, the Trustee and the Servicer (including any Person at any time serving as officers, directors, agents, officials, employees, counsel, attorneys and agents, past, present and future (and as to the LACDA, members of its governing body) and any person who controls the LACDA, Trustee or Owner within the meaning of the Securities Act of 1933, harmless from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney's fees and expenses), taxes (other than income taxes payable by any party as a result of any fees payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of:

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

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

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

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

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

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

(vii) any and all claims arising in connection with the issuance and sale of the Bond or any certifications or representations made by any person other than the Indemnified Party seeking indemnification, including, without limitation, any statement or information made by Borrower with respect to Borrower or the Project in any offering document or materials regarding the initial offering of the Bond (in connection with its issuance under the Indenture), the Project or Borrower or the Tax Certificate or any other certificate executed by Borrower which, at the time made, is misleading, untrue or incorrect in any material respect and any untrue statement or alleged untrue statement of a material fact relating to Borrower or the Project contained in any offering material relating to the initial offering of the Bond, as from time to time amended or supplemented with information provided by Borrower, or arising out of or based upon the omission or alleged omission to state in such offering material a material fact relating to Borrower or the Project required to be stated in such offering material or necessary in order to make the statements in such offering material not misleading, or failure to properly register or otherwise qualify the sale of the Bond or failure to comply with any licensing or other law or regulation which would affect the manner in which or to whom the Bond could be sold and the carrying out by Borrower of any of the transactions contemplated by the Indenture or the Loan Documents;

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

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

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

otherwise in connection with the Project, the Bond or the execution or amendment of any document relating to the Project or the Bond;

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

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

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

(i) in the case of the foregoing indemnification of Trustee or any of the other indemnified parties (except as provided in the following subparagraph (ii)) to the extent such damages are caused by the negligence or willful misconduct of such Person; and

(ii) in the case of the foregoing indemnification of the LACDA, to the extent such damages are caused by the active negligence or willful misconduct of the LACDA.

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

(d) Borrower understands and agrees that the foregoing release includes all claims of every nature and kind whatsoever, whether known or unknown, suspected or

unsuspected, and Borrower has read and understands, and hereby waives the benefits of, Section 1542 of the California Civil Code which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

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

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

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

Section 5.20. Agreements Between Borrower and Its Affiliates. Except for the documents executed by the General Partner in connection with the admittance of the Investor Limited Partner, the Management Agreement and the [Development Agreement], the Borrower shall not enter into any agreement, written or otherwise, directly or indirectly relating to the Project with an Affiliate of the Borrower without the prior written consent of the Servicer.

Section 5.21. Covenants Regarding Tax Credits. The Borrower hereby agrees to comply with all of the following covenants (each, a "Tax Credit Covenant"):

(a) To observe and perform all obligations imposed on the Borrower in connection with the Tax Credits, including the obligation to have the Project "placed in service" (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Project, and to use the Borrower's best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) To preserve at all times the allocation and availability of the Tax Credits;

(c) Not to release, forego, alter, amend, or modify its rights to the Tax Credits without the Servicer's prior written consent, which the Servicer may give or withhold in the Servicer's reasonable discretion;

(d) Not to execute any residential lease of all or any portion of the Project which does not comply fully with all requirements, statutes, and regulations governing the Tax

Credits, without the Servicer's prior written consent, which the Servicer may give or withhold in the Servicer's sole and absolute discretion;

(e) 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 Tax Credits in connection with the low-income occupancy of the Project;

(f) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations (the "Federal Laws") and all laws and regulations of the State (the "State Laws") applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) To certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by Federal Laws or State Laws for such Tax Credits. All of the amounts received upon the sale of the Bond are allocated to, and shall be used, solely for the purpose of financing the aggregate basis of land and building costs within the meaning of Section 42(h)(4)(B) of the Code. The amounts received upon the sale of the Bond and interest and other investment earnings on those amounts shall be allocated and used for financing Qualified Project Costs of each building and related land in the Project so that the aggregate basis of each such building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed 50% or more from those amounts;

(h) To set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the county in which the Project is located to qualify for the Tax Credits (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 Tax Credits under Section 42(i)(3) of the Code and/or State Laws;

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

(j) To promptly deliver to the Servicer true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower's partnership interests and/or the Tax Credits. Immediately upon receipt thereof, the Borrower shall deliver to the Servicer a copy of (i) the fully executed allocation and final reservation of Tax Credits for the Project, (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower's accountant or attorneys if requested by the Servicer), (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower's obtaining Tax Credits, and (iv) the fully completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the

Servicer such other certificates, income certificates, reports and information as the Servicer may request.

The Borrower understands and acknowledges that the Bank is purchasing the Bond based, in part, upon the value of the Tax Credits, and the Tax Credits, directly or indirectly, constitute part of Trustee's security on behalf of the Owner of the Bond, for the obligations of the Borrower in connection with the Loan. The Borrower agrees to indemnify, defend, and hold the Servicer and the Owner harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the Borrower's failure to comply with one or more Tax Credit Covenants, excepting those arising out of, or resulting, solely from the gross negligence or willful misconduct of the Servicer.

Section 5.22. Leasing.

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

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

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

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

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

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

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

(vii) So long as the Construction Disbursement Agreement is in effect, the lease, together with all leases previously executed, does not cause the Loan to become “out of balance” as that term is defined in Section 1.2(a) of the Construction Disbursement Agreement. The Borrower acknowledges that the Loan may become “out of balance” if the landlord’s aggregate economic obligations under the leases exceed, or the Net Operating Income from the Project fails to meet, the Borrower’s projections for such obligations, thereby increasing the cost or decreasing the value of the Project.

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

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

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

Section 5.23. Compliance With Anti-Terrorism Regulations.

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

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

to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957 and any similar laws or regulations currently in force or hereafter enacted (collectively, the “Anti-Terrorism Regulations”).

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

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

ARTICLE VI

OPTION AND OBLIGATIONS OF BORROWER TO PREPAY

Section 6.01. Optional Prepayment.

(a) The Note and amounts due under Section 3.02(a) hereof are subject to prepayment in order to effect the redemption of the Bond under Section 4.03 of the Indenture at the option of the Borrower in whole or in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bond, as set forth in Section 4.03 of the Indenture together with interest as set forth in Section 4.03 of the Indenture. The Note is not otherwise subject to optional prepayment by the Borrower.

(b) To effect prepayment of the Note and redemption of the Bond as contemplated in subparagraph (a) above, the Borrower shall deliver to the LACDA, Trustee and the Servicer, not less than 90 days prior to the date on which the Bond is subject to redemption under said Section, a written certificate of the Borrower stating that the Borrower is prepaying the Note pursuant to this Section 6.01. The certificate from the Borrower shall certify the following: (i) the principal amount of the Note to be prepaid; (ii) that the amount to be prepaid on the Note shall be credited to redemption of the Bond pursuant to Section 4.03 of the Indenture; (iii) the date for redemption of the Bond; and (iv) any conditions to such prepayment.

(c) The options granted to the Borrower in this Section 6.01 shall be exercisable only (i) in the event and to the extent the Bond is subject to redemption in accordance with the Indenture and (ii) if no Event of Default under any of the Loan Documents shall have occurred and be then continuing or if all costs associated with any existing Event of Default (including, without limitation, late fees, penalties, costs of enforcement, protective advances and interest on such amounts) which are then due and owing under the Loan Documents are paid in full in connection with such prepayment.

Section 6.02. Mandatory Prepayment. The Loan and amounts due under Section 3.02(a) hereof shall be prepaid in whole or in part in order to effect the mandatory redemption of the Bond at the times and in the amounts specified in Section 4.01 of the Indenture.

Section 6.03. Amounts Required for Prepayment.

(a) The amount payable by the Borrower hereunder upon either (i) the exercise of the option granted to the Borrower in Section 6.01 hereof, or (ii) the mandatory prepayment of the Note by the Borrower in Section 6.02 hereof shall be, to the extent applicable and except as otherwise provided, the sum of the following:

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

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

(C) in the event of any prepayment during the existence and continuance of an Event of Default, the amounts described in Section 6.01(c)(ii) hereof.

(b) Any prepayment made pursuant to Section 6.01 or 6.02 hereof shall be deposited into the Revenue Fund. No prepayment or investment of the proceeds thereof shall be made which shall cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 6.04. Cancellation at Expiration of Term. At the acceleration, termination or expiration of the term of this Loan Agreement and following full payment of the Bond or provision for payment thereof in accordance with Article XI of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement and the Indenture, the LACDA shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the Loan Documents (other than the Regulatory Agreement, which shall not terminate except in accordance with the terms thereof).

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following shall be “Events of Default” under this Loan Agreement, and the term “Event of Default” shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts required to be paid on the Note or under Section 3.02(a) or (b) hereof when due;

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

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

(d) Any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, other than as referred to in subsections (a) or (b) of this Section 7.01, for a period of 30 days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the LACDA, the Trustee or the Servicer; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 30-day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within said 30-day period and is diligently pursued to completion thereafter (unless, in the opinion of Bond Counsel delivered to the Servicer, failure to correct such breach or failure within the cure period herein provided (or such shorter time as shall be established as a limitation on the period of time during which correction may be pursued) will adversely affect the exclusion from gross income of interest on the Bond for federal income taxation purposes or violate State law, in which case the extension of cure period herein provided will not be available);

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

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

(g) Any failure by the Borrower to obtain any Project Approvals as required in order to proceed with the rehabilitation of the Project so as to complete the same by the Completion Deadline, or the revocation or other invalidation of any Project Approvals previously obtained;

(h) Any change in the legal or beneficial ownership of the Borrower or the General Partner other than as expressly permitted by the terms of the Loan Documents or by reason of the death of the owner of such interests;

(i) Los Angeles Housing Partnership Corporation, Inc., a California nonprofit public benefit corporation, ceases for any reason to act in the capacity of managing general partner of the Borrower, unless replaced by a transferee permitted pursuant to Section 5.17(e);

(j) [Reserved];

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

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

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

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

(o) Any of the events described in Section 7.01(l), (m) or (n) occurs with respect to the Investor Limited Partner prior to funding by the Investor Limited Partner of all of the capital contributions required in order to avoid the occurrence of an Event of Default pursuant to Section 7.01(v);

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

(q) Any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written consent of the Servicer, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be commenced by or on behalf of any Obligor which is a party thereto, or any of their respective stockholders, partners or beneficiaries, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents, the General Partner Documents or the Guarantor Documents is illegal, invalid or unenforceable in accordance with the terms thereof;

(r) Any refusal by the Title Insurance Company to insure that any advance is secured by the Mortgage as a valid lien and security interest on the Project and the continuation of such refusal for a period of 20 days after notice thereof by Servicer to the Borrower;

(s) Completion shall not have been attained by the Completion Deadline;

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

(u) Any of the Indenture, this Loan Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner (including without limitation any “automatic” amendments of the Regulatory Agreement) without the prior written consent of the Servicer;

(v) Any default occurs under any Subordinate Loan Document (as defined in the Construction Disbursement Agreement) and is continuing beyond any applicable notice and cure period expressly set forth therein; or

(w) Failure of the Investor Limited Partner to fund its capital contributions to the Borrower, in at least the amounts and on or before the deadline dates as set forth in the Construction Disbursement Agreement.

Section 7.02. Remedies on Default.

(a) Whenever any Event of Default referred to in Section 7.01 hereof shall have occurred and be continuing, any obligation of the Servicer to approve Requisitions shall be terminated, and the Trustee (but only if directed to do so by Servicer and, subject to the provisions of the Indenture) shall:

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

(ii) take whatever action at law or in equity or under any of the Loan Documents, the General Partner Documents or the Guarantor Documents, as may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due hereunder or thereunder or under the Note, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note or any other Loan Document (including without limitation foreclosure of the Mortgage), any General Partner Document or any Guarantor Document (including actions to enforce the Payment Guaranty and/or the Completion Agreement); and

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

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the LACDA pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the LACDA, the Trustee or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.02 shall relieve the Borrower from the Borrower’s obligations pursuant to Section 3.02 hereof.

Section 7.03. No Remedy Exclusive. No remedy conferred herein or in any other Loan Document upon or reserved to the Trustee or the Servicer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Servicer to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.04. Agreement To Pay Fees and Expenses of Counsel. If an Event of Default shall occur under this Loan Agreement or under any of the other Loan Documents, and the LACDA, the Trustee, the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such counsel and all other out-of-pocket expenses incurred by or on behalf of the LACDA, the Trustee, the Servicer.

Section 7.05. No Additional Waiver Implied by One Waiver; Consents to Waivers. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter 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. No waiver shall be effective unless in writing and signed by the party making the waiver.

Section 7.06. Remedies Subject to Applicable Law. All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the Land and to be limited to the extent necessary so that they will not render this Loan Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 7.07. Cure by Investor Limited Partner. The LACDA, the Trustee and the Servicer hereby agree that cure of any Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.08. LACDA Exercise of Remedies. Notwithstanding anything to the contrary contained herein, the LACDA may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower, provided that the LACDA shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bond or the Loan to be due and neither the LACDA nor the Trustee shall take any action in respect of Reserved Rights (a) to foreclose to take similar action under the Mortgage or otherwise in respect of any liens upon or security interests in the Project or other property pledged to secure the Borrower's obligations under the Loan Documents, (b) to appoint

a receiver, (c) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents, or (d) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. General Provisions; No Recourse; Bond a Limited Obligation. The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

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

(b) The Bond and the obligations and undertakings of the LACDA hereunder do not constitute an obligation, either general or special and does not constitute a pledge of the general credit or taxing power of the LACDA or the State or any political subdivision thereof, but is payable solely from the Project revenues and property pledged therefor in the Indenture and not from any other revenues, funds or assets of the LACDA, and neither the LACDA, the State of California nor any such political subdivision thereof shall be liable thereon. Recourse on the Bond and on the instruments and documents executed and delivered by or on behalf of the LACDA in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the LACDA pursuant to the Reserved Rights). No member, officer, agent, employee or attorney of the County of Los Angeles, including any person executing this Loan Agreement or the Bond, shall be liable personally on this Loan Agreement or the Bond or for any reason relating to the issuance of the Bond. No recourse shall be had for the payment of the principal of or the interest on the Bond, or for any claim based on the Bond, or otherwise in respect of the Bond, or based on or in respect of this Loan Agreement, the Indenture or any supplement thereto, against any officer, board member, employee or agent, past, present or future, of the County of Los Angeles, as such, or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of the Bond and as part of the consideration for the issue of the Bond, expressly waived and released.

(c) No recourse shall be had for the payment of the principal of or interest on the Bond, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any LACDA Document or any instrument or document executed and delivered by or on behalf of the LACDA in connection with the transactions contemplated hereby, against the LACDA or any officer, board member, employee or agent, past, present or future, of the LACDA or any successor body, as such, either directly or through the LACDA or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable

proceeding or otherwise and all such liability of the LACDA or any such officer, board member, employee or agent, past, present or future as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the LACDA Documents and issuance of the Bond and the delivery of other documents in connection herewith. No officer, board member, employee or agent, past, present or future, of the LACDA or any successor body shall be personally liable on the LACDA Documents, the Bond or any other documents in connection herewith, nor shall the issuance of the Bond be considered as misfeasance or malfeasance in office. The Bond and the undertakings of the LACDA under the LACDA Documents do not constitute a pledge of the general credit or taxing power of the LACDA, the State, or any political subdivision thereof, do not evidence and shall never constitute a debt of the State or any political subdivision thereof and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof.

Section 8.02. Authorized Borrower Representative. Pursuant to written direction provided on the Closing Date, the Borrower has appointed one or more Authorized Representatives for the purpose of taking all actions and making all certificates required to be taken and made by an Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by an Authorized Representative, unless otherwise specified in this Loan Agreement, and the LACDA, the Trustee and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Representative.

Section 8.03. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the LACDA, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the LACDA has assigned or is assigning its rights, except for the Reserved Rights, under this Loan Agreement to the Trustee, and that, pursuant to the Indenture, Trustee will follow directions from the Servicer in implementing certain of the rights and remedies under this Loan Agreement. The Owner of the Bond and the Servicer shall be express third party beneficiaries of this Loan Agreement, and shall have the right to enforce directly against Borrower or other persons the rights and implement the rights and remedies provided to each of them hereunder, but not including the Reserved Rights; provided, however, that the rights of the Owner to bring actions and implement rights and remedies hereunder shall be subject to the same restrictions as are imposed with respect to actions, rights and remedies of the Owner under the Indenture.

Section 8.04. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that for purposes of perfecting a lien or security interest in this Loan Agreement by the Trustee, whether under Article 9 of the Uniform Commercial Code of the State or otherwise, only the counterpart delivered to, and receipted by, the Trustee shall be deemed the original.

Section 8.05. Amendments, Changes and Modifications. Subsequent to the issuance of the Bond and prior to payment or provision for the payment of the Bond in full (including interest

thereon) in accordance with the provisions of the Indenture and except as otherwise provided herein, the Loan Documents may not be amended, changed, modified, altered or terminated by the LACDA, the Trustee or the Borrower except in compliance with Article VIII of the Indenture.

Section 8.06. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and such invalid or unenforceable provision shall be deemed no longer to be contained in this Loan Agreement.

Section 8.07. Notices. All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be effective if given in the manner required in Section 10.08 of the Indenture.

Section 8.08. Applicable Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State.

Section 8.09. Debtor Creditor Relationship. It is expressly understood and agreed that the relationship between the LACDA and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the LACDA, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

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

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

Section 8.12. PATRIOT Act Notice. The LACDA hereby notifies Borrower and

Guarantor that, pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the names and addresses of Borrower and Guarantor and other information that will allow the LACDA to identify Borrower and Guarantor in accordance with the PATRIOT Act.

Section 8.13. Limitation on LACDA's Liability. The LACDA shall not be obligated to pay the principal (or redemption price) of or interest on the Bond, except from moneys and assets received by the Trustee on behalf of the LACDA pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the LACDA or the County of Los Angeles is pledged to the payment of the principal (or redemption price) of or interest on the Bond. None of the LACDA or the County of Los Angeles shall be liable for any 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 Loan Agreement, the Bond or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement. The Borrower hereby acknowledges that the LACDA's sole source of moneys to repay the Bond will be provided by the payments made by the Borrower pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) of and interest on the Bond as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) of or interest on the Bond, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the LACDA or any third party, subject to any right of reimbursement from the Trustee, the LACDA or any such third party, as the case may be, therefor.

Section 8.14. Survival. This Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the LACDA of the Loan and the execution and delivery to the Trustee of the Bond, and shall continue in full force and effect so long as all or any of the Borrower's repayment obligations pursuant to Article III hereunder is unpaid. All the Borrower's covenants and agreements in this Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the LACDA, the Owner or the Trustee on behalf of the Owner.

Section 8.15. Delay Not a Waiver. Neither any failure nor any delay on the part of the Trustee or the Owner in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Loan Document, the Trustee and the Owner shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Loan Documents, or to declare an Event of Default under the Loan Agreement for failure to effect prompt payment of any such other amount.

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

LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY

By: _____
Monique King-Viehland
Executive Director or Designee

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: _____
Senior Deputy

CARSON TERRACE PARTNERS, LP,
a Delaware limited partnership

By: LOS ANGELES HOUSING
PARTNERSHIP, INC.,
a California nonprofit corporation,
its managing general partner

By: _____
[Borrower Signatory]
[Signatory Title]

By: CARSON TERRACE GP, LLC, a Delaware
limited liability company, its co-general
partner

By: TRG CARSON TERRACE
MEMBER, LLC, a Delaware
limited liability company, its sole
member

By: _____
[Borrower Signatory]
[Signatory Title]

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____

Name: Bertha Mares

Title: Vice President

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

[Legal Description]

Assessor's Parcel Number: _____

Street Address of Property

632 East 219th Street, Carson, California 90745

EXHIBIT B

FORM OF PROMISSORY NOTE

\$7,500,000

[Closing Date]

FOR VALUE RECEIVED, CARSON TERRACE PARTNERS, LP, a Delaware limited partnership (together with its permitted successors and assigns, "Borrower"), having an address of [Borrower Address], promises to pay to the order of LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, a public body, corporate and politic organized and existing under the laws of the State of California, or its successors or assigns (the "Holder"), at its office at 700 West Main Street, Alhambra, California 91801, or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the principal sum stated above as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the "Indenture") dated as of even date herewith between LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, a public body, corporate and politic organized and existing under the laws of the State of California (the "Issuer"), and U.S. Bank National Association (the "Trustee") or the Loan Agreement dated as of even date herewith among the Issuer, the Trustee and Borrower (as the same may be modified, amended or supplemented from time to time, the "Loan Agreement").

This Note shall bear interest at the rate from time to time borne by the Bond, and Additional Interest shall be payable on this Note as provided in Section 3.02 of the Loan Agreement.

On the Closing Date, Borrower shall pay to the Trustee, for deposit into the Revenue Fund, the amount, if any, required pursuant to Section 3.02 of the Loan Agreement. Thereafter, Borrower shall pay to the Trustee, for deposit into the Revenue Fund, on the first day of each month, commencing [FIPD], an amount equal to the sum of the principal and interest next coming due on the Bond (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund) to pay the principal of and interest on the Bond due and payable on each Bond Payment Date. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds. All payments under this Note shall be applied as provided in the Indenture.

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

At no time shall interest be payable on this Note or under the Mortgage or the Loan Agreement at a rate in excess of the Maximum Rate, defined in the Indenture. Borrower shall not

be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of the Maximum Rate. If by the terms of this Note or of the Mortgage or Loan Agreement, Borrower is required to pay interest at a rate in excess of the Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to the Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

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

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

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

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

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

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

CARSON TERRACE PARTNERS, LP,
a Delaware limited partnership

By: LOS ANGELES HOUSING
PARTNERSHIP, INC.,
a California nonprofit corporation,
its managing general partner

By: _____
[Borrower Signatory]
[Signatory Title]

By: CARSON TERRACE GP, LLC, a Delaware
limited liability company, its co-general
partner

By: TRG CARSON TERRACE
MEMBER, LLC, a Delaware
limited liability company, its sole
member

By: _____
[Borrower Signatory]
[Signatory Title]

ALLONGE TO PROMISSORY NOTE

Attached to that certain Promissory Note dated as of [Closing Date], made by CARSON TERRACE PARTNERS, LP, a Delaware limited partnership, and payable to the order of the LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, a public body, corporate and politic organized and existing under the laws of the State of California.

Pay to the order of U.S. Bank National Association, as Trustee, without recourse or warranty.

Dated as of [Closing Date].

[Signatures on the following page]

**LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY**, a public
body, corporate and politic organized and
existing under the laws of the State of
California, as Issuer

By: _____
Monique King-Viehland
Executive Director or Designee

Approved as to form:

MARY C. WICKHAM, County Counsel

Senior Deputy

[Signature Page to Allonge to Promissory Note]

EXHIBIT C

FORM OF APPROVED RESIDENTIAL LEASE

[To be attached]

EXHIBIT D

SCHEDULE OF INSURANCE REQUIREMENTS [SUBJECT TO REVIEW]

1. **General Requirements.** In order to close, the following insurance specifications must be met and approved in writing by the Bank's insurance consultant. Copies of policies together with an original ACORD 28 (Evidence of Property Insurance) and an ACORD 25 (Certificate of Insurance) or an approved equivalent listing all coverage will be accepted for pre-closing contingent on complete "true and certified" copies of the policies with all endorsements attached being received within 90 days after closing. Each certificate must correctly identify the property by address and the insured by borrowing entity name.

Policy premiums cannot be financed or paid in installments to an insurance carrier, but must be paid in full as evidenced by a paid receipt presented prior to or at pre-closing. All policies and renewals thereof are to be written for not less than one year. An escrow account, as described further in the loan application, will be established to pay the premium at renewal.

All of the liability policies must be written and provide for claims to be paid on an "Occurrence" basis.

Each policy must have a cancellation provision that provides that the carrier will notify Mortgagee, its successors and/or assigns, in writing at least 30 days in advance of any policy reduction or cancellation for any reason except for non-payment of premium (for which not less than 10 days' written notice shall be provided).

The insurer under each policy shall be a domestic primary insurance company duly qualified as such under the laws of the states in which the Property is located and duly authorized, admitted and licensed in such states to transact the applicable insurance business and to write the insurance provided and must have and maintain a rating of AA or higher by Standard & Poor's or A.M. Best rating of A-IX or higher for any Mortgage Loan \$20,000,000 or above. For any Mortgage Loan below \$20,000,000, the insurance carrier must have and maintain a rating of "A" or higher by Standard & Poor's and/or an A.M. Best rating of A-VI or higher.

The insurance policies may be part of a blanket policy provided the insured acknowledges that failure to pay any portion of the premium which is not allocable to the mortgaged property or any other action not relating to the mortgaged property which would otherwise permit the issuer to cancel the coverage, would require the mortgaged property to be insured by a separate, single-property policy. The blanket policy must properly identify and fully protect the mortgaged property as if a separate policy were issued for 100% of Replacement Cost (insurable value) at the time of loss, allocate a portion of the premium to the mortgaged property, and otherwise meet all applicable insurance requirements of the Bank.

During the life of the loan, should any condition change or occur which affects the levels of risk anticipated, Borrower will be required to obtain appropriate coverage to mitigate the associated risk.

If any required type of coverage is not available for the mortgaged property, Mortgagee shall have no obligation to close the loan.

2. **Mortgagee Clause.** All policies must include EXACTLY the following standard, non-contributory, mortgagee clause:

U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071

Mortgagee must be named as a first *Mortgagee* with respect to buildings, *Loss Payee* with respect to loss of rents/business interruption, and *Additional Insured* with respect to general liability.

3. **Waiver of Subrogation.** Not Required.

4. **Required Insurance Coverage.** Borrower is required to maintain the following policies of insurance during the term of the Loan:

- ***All Risk or Special Causes of Loss Form Property Insurance.*** Property insurance must be maintained insuring against loss or damage by fire, lightning, wind and such other perils as are included in a standard “all-risk” or “special causes of loss” form, and against loss or damage by all other risks and hazards covered by a standard property insurance policy including, without limitation, riot and civil commotion, vandalism, malicious mischief, burglary and theft. Such insurance shall be in an amount equal to the then full replacement cost of the Improvements, Equipment and personal property, without deduction for physical depreciation, no co-insurance is permitted, and maximum acceptable deductible is \$25,000. If the property is “non-conforming” with respect to zoning requirements, Borrower will be required to maintain “demolition” insurance (in an amount equal to 10% of the building value) and “increased cost of construction” insurance (in an amount equal to 25% of the building value). The burden to prove conforming use is the Borrower’s.
- ***Terrorism Insurance.*** For Loans in excess of \$10 million and if the insurance required under the subparagraph immediately above excludes terrorism, terrorism insurance must be maintained, unless at the time of determination: (a) it is not available at commercially reasonable rates; (b) no affiliates of Borrower have purchased terrorism insurance with respect to another property; (c) terrorism insurance is not commonly maintained by owners of other similar properties; and (d) it is not required for securitized loans similar to the Loan and secured by property similar to the Property in the commercial mortgage-backed securities market.
- ***Flood Insurance.*** If any portion of the Improvements are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards (i.e. Zone A and V) and in which flood insurance is made available under the National Flood Insurance Program, then flood insurance must be maintained at least equal to the lesser of (a) the full replacement cost, together with business interruption coverage, or

- (b) the maximum limit of coverage available for the Property under the National Flood Insurance Act of 1968, The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994, as each may be amended, or \$250,000 per residential building and \$500,000 per commercial building.
- ***Earthquake Insurance.*** If a seismic study is required by this Program Summary and such study reveals a 50-year/10% PML of not more than 20% of the replacement cost (as determined by the Bank), earthquake insurance will not be required. If the PML study reveals that a 50-year/10% PML of greater than 20% of the replacement cost, then earthquake insurance must be maintained in an amount equal to the replacement cost with a maximum deductible of 10% replacement cost.
 - ***Boiler and Machinery Insurance.*** If the Property contains HVAC equipment, or there are boilers or other pressure-fired vessels that are required to be regulated by the state in which the property is located, then Broad Form Boiler and Machinery Insurance (without exclusion for explosion and including “system breakdown coverage) must be maintained on the Property and Improvements in an amount at least equal to or greater than the repair and full replacement cost of such equipment and insurance against loss of occupancy or use arising from any breakdown of such equipment in such amounts as are generally required by institutional lenders for properties comparable to the Property.
 - ***Business Interruption/Loss of Rental Income Insurance.*** Business Interruption and/or loss of rental income insurance must be maintained in an amount sufficient to provide proceeds that will cover the “actual loss” sustained during the restoration. No co-insurance is permitted. The “actual loss” coverage amount may be capped based on projected gross revenues (less non-recurring expenses) for a 12-month period. The policy can provide an “Extended Period of Indemnity” endorsement for at least an additional 90 days for loans of \$20 million or more. The perils covered by this insurance shall be the same as those required to be covered on the real property including flood, terrorism and earthquake, as necessary.
 - ***Builders Risk Insurance.*** Borrower is required to maintain, at all times during which structural construction repairs or alterations are being made with respect to the improvements (a) owner’s contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (b) the insurance provided for in Paragraph 1 hereof written in a so-called builder’s risk completed value form (i) on a non-reporting basis, (ii) against all risks insured against pursuant to said Paragraph 1 hereof, (iii) including permission to occupy the Property, and (iv) with an agreed amount endorsement waiving co-insurance provisions.
 - ***Commercial General Liability Insurance.*** Borrower must maintain Commercial General Liability Insurance on an “occurrence” form including broad form property damage, contractual damages and personal injuries (including death resulting therefrom) and a liquor liability endorsement if Borrower sells liquor on the Property. In addition, excess and/or umbrella liability insurance must be maintained against all

claims typically covered by an umbrella liability policy including all legal liability imposed upon Borrower and all court costs and attorneys' fees connected with the ownership, operation, and maintenance of the Property and Equipment, including products/completed operations, if applicable. The per-occurrence limits, including umbrella liability insurance, if applicable, must be maintained in the minimum amounts as outlined below:

\$1,000,000 total coverage for 1- to 3-story buildings
\$5,000,000 total coverage for 4- to 10-story buildings
\$10,000,000 total coverage for 11- to 20-story buildings
\$25,000,000 total coverage for buildings with greater than 20 stories

If Borrower has a multi-location policy or loan, the aggregates referred to above must be maintained on a per location basis.

- ***Wind Insurance.*** If the All Risk or Special Cause of Loss coverage excludes wind, the Borrower must present evidence of separate wind coverage. Maximum acceptable deductible for this peril is 5% of total insured value.
- ***Sinkhole and Mine Subsidence Insurance.*** Sinkhole and mine subsidence insurance must be maintained if, in the opinion of a professional engineer, whose resume shows evidence of his/her experience in this professional area, that there is a foreseeable risk of loss due to this hazard. If necessary, as determined by the engineer, Borrower shall maintain coverage in the full principal amount of the Loan.
- ***Statutory Workers' Compensation Insurance.*** If Borrower has employees on site, statutory workers' compensation insurance as required by law and including employer's liability must be maintained in an amount that is at least customary for employers insuring similar risks.
- ***Hired and Non-Owned Auto Insurance.*** If Borrower has employees on site, Hired and Non-Owned Auto Insurance must be maintained in an amount equal to \$1 Million combined single limit.
- ***Employee Dishonesty.*** If Borrower has employees on site, in an amount not less than three months of gross revenue from the property and with a deductible not greater than \$25,000. This coverage is required only on Cooperative Corporations.
- ***Other Insurance Coverage.*** Such other insurance with respect to the Property or on any replacements or substitutions or additions or increased coverage limits as may from time to time be required by the holder of the Loan against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated, including, without limitation, sinkhole, mold, mine subsidence, earthquake and environmental insurance, due regard being given the height and typed of buildings, their construction, location, use and occupancy.

EXHIBIT F

FORM OF MONTHLY LEASE-UP REPORT

MOVE IN DATABASE

Building #	Apt. #	# of BRs	# of BAs	Set-Aside	Security Deposit	Lease Rent	Certified or Move in Date	Lease Expiration	Total Value of Concessions	Description of Concession	Concession Given at Move In (Y/N)

MOVE OUT DATABASE

Building #	Apt. #	# of BRs	# of BAs	Set-Aside	Total Security Deposit	Security Deposit to Tenant	Lease Rent	Move Out Date	Certified or Move in Date	Lease (enter an “x”)			
										Skip	Evicted	Expired	Other

HDW Draft - 11/11/19

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

HAWKINS DELAFIELD & WOOD LLP
333 SOUTH GRAND AVENUE, SUITE 3650
LOS ANGELES, CA 90071
ATTENTION: DIANE K. QUAN, ESQ.

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

CARSON TERRACE PARTNERS, LP

Dated as of [Dated Date]

relating to

\$7,500,000

**Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Carson Terrace Senior Apartments)
2019 Series D**

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Agreement” or this “Regulatory Agreement”) is made and entered into and dated as of [Dated Date] by and among the **LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**, a public body, corporate and politic, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “LACDA”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Trust Indenture, dated as of [Dated Date] (the “Indenture”), by and between the LACDA and the Trustee, and **CARSON TERRACE PARTNERS, LP**, a Delaware limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”), the LACDA is empowered to issue bonds to finance the acquisition, construction, rehabilitation and development of multifamily rental housing; and

WHEREAS, on December 4, 2018 (the “Inducement Date”) the Board of Commissioners of the Housing Authority of the County of Los Angeles (the “Housing Authority”) passed a resolution (the “Inducement Resolution”) indicating the Housing Authority’s intent to provide for the issuance of revenue bonds or notes to finance the acquisition, rehabilitation and equipping of Carson Terrace Senior Apartments, a multifamily residential rental housing project located in the City of Carson, in the County of Los Angeles, consisting of 63 units located at 632 East 219th Street, Carson, California 90745 on the site more particularly described in Exhibit A hereto (the “Project”); and

WHEREAS, on December __, 2019, the Board of Commissioners of the Housing Authority adopted a resolution (the “Resolution”) authorizing the issuance of its revenue bonds to provide financing for the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, pursuant to Section 2.58.030 of the County Code of the County of Los Angeles (the “County”) and the Resolution of the Board of Supervisors of the County adopted on April 16, 2019, the LACDA is vested with the rights, powers, duties and responsibilities of the Housing Authority and the proceedings of the Housing Authority shall have the same validity and effect as if undertaken by the LACDA; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution, and as a part of the LACDA’s program of financing housing, the LACDA is issuing pursuant to the Indenture its Multifamily Housing Revenue Bond (Carson Terrace Senior Apartments), 2019 Series D in the maximum principal amount of \$7,500,000 (the “Bond”), the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to provide financing for the acquisition, rehabilitation and development 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 Act and the

policies with respect to the LACDA's housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the LACDA, 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 rehabilitation and development of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Act and the additional requirements of the LACDA 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 LACDA, 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 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 1 of Part 2 of Division 24 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 LACDA, 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).

"*Affordable Rent*" means an annual rent for a Low Income Unit or a Very Low Income Unit, as applicable, which does not exceed thirty percent (30%) of the applicable maximum Adjusted Income for the Area of Low Income Tenants or Very Low Income Tenants, as applicable, adjusted for family size using the following occupancy assumptions: studio (1 person); one bedroom (2 persons); two bedrooms (3 persons); and three bedroom (4 persons), subject to adjustment as provided in Section 6(a) hereof.

"*AHAP Contract*" has the meaning set forth in the Loan Agreement.

"*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 LACDA 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 LACDA) a written certificate identifying a different person or persons to act in such capacity.

“*Bond*” means the Bond authorized, authenticated and delivered under the Indenture.

“*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, the LACDA or the Trustee in connection with the Bond.

“*Bondholder*,” “*Owner*” or “*Holder*” means the party identified as the owner of the Bond on the registration books maintained by the Trustee.

“*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 LACDA 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.

“*Borrower*” means Carson Terrace Partners, LP, a Delaware 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 32 hereof.

“*CDLAC Resolution*” means CDLAC Resolution No. 19-079 adopted on July 17, 2019, attached to this Regulatory Agreement as Exhibit G and related 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 LACDA at the times specified in Section 32(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 LACDA 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 LACDA.

“*Certificate of Qualified Project Period*” means the certificate to be filed by the Borrower upon commencement of the Qualified Project Period in substantially the form attached hereto as Exhibit I.

“*Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$[Initial Draw].

“*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, rehabilitation and equipping of the Project, as that date shall be certified as provided in Section 2(i) hereof and as specified in the Completion Certificate.

“*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 LACDA, the Trustee and CDLAC not more than __ months after the Closing Date, in substantially the form of Exhibit I hereto, or such other form required or otherwise provided by CDLAC from time to time.

“*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 32 of this Regulatory Agreement.

“*Costs of Issuance*” means costs of issuing the Bond as set forth in the Indenture.

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

“*Density Bonus Restrictions*” has the meaning set forth in the Loan Agreement.

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the written opinion of Bond Counsel delivered to the LACDA, the Trustee and the Borrower, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service

shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

“*Gross Income*” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed under Section 8 of the Housing Act (or, if such program is terminated, under such program as in effect immediately before such termination).

“*HAP Contract*” has the meaning set forth in the Disbursement Agreement.

“*Hazardous Materials*” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead based paint; asbestos or asbestos containing materials in any form that is or could become friable; underground or above ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Project is prohibited by any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

“*Hazardous Materials Laws*” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

“*Housing Act*” means the United States Housing Act of 1937, as amended, or its successor.

“*HUD*” means the United States 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 LACDA 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 LACDA to the Borrower.

“*Indenture*” means the Trust Indenture dated as of [Dated Date] by and between the LACDA and the Trustee, as amended and supplemented.

“*Inducement Date*” means December 4, 2018.

“*LACDA*” means the Los Angeles County Development Authority, a public body corporate and politic, organized and existing under the laws of the State of California, and any successor thereto and assignee thereof, including the Los Angeles County Development Authority.

“*Loan*” means the loan of the sale proceeds of the Bond by the LACDA to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, rehabilitation and equipping of the Project.

“*Loan Agreement*” means the Loan Agreement dated as of [Dated Date] by and between the LACDA and the Borrower, as amended or supplemented.

“*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 sixty percent (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.

“*Project*” means the Project Facilities and the Project Site.

“*Project Costs*” means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation and equipping, as the case may be, of the Project, the credit enhancement fees, if any, attributable to the period of the acquisition, rehabilitation and equipping 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 and 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 supervision 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 with the approval of the LACDA, for the Project), interest accrued during rehabilitation and prior to the Completion Date and all other costs approved by Bond Counsel.

"Project Facilities" means the buildings, structures and other improvements on the Project Site to be acquired, rehabilitated, 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 632 East 219th Street, Carson, California 90745 in the City of Carson, in the County 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 sixty (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 within the meaning of Section 1.103-8(a)(1)(i) of the Regulations; provided, however, that only such portion of the interest accrued on the Bond during the acquisition, rehabilitation and equipping 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 acquired, rehabilitated or equipped by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" 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 acquisition, rehabilitation and equipping 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, leasing commissions, costs of advertising for the Project or other costs related to the rental of units in the Project, or management fees for the management and operation of the Project. 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 the 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 ten percent (10%) of the dwelling units in the Project are first occupied and ending on the latest of

(a) the date which is fifteen (15) years after the date on which fifty percent (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)(A)(ii) of the Code) issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates, or (d) such later date as may be specified in Section 14 hereof; provided, that if at least 10% of the residential units in the Project are Available Units at all times within 60 days after the later of (1) the date the Project is acquired by the Borrower, or (2) the issue date of the Bond, then the Qualified Project Period shall begin on the date one year after the issue date of the Bond and end on the later of (i) the date that is fifteen (15) years after such date or (ii) the later of the dates specified in clauses (a), (b), (c) and (d) above. The CDLAC Conditions apply for a period that, 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.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

“Subordinate Documents” has the meaning set forth in the Loan Agreement.

“Tax Certificate” means the Tax Certificate dated the Closing Date executed and delivered by the LACDA and the Borrower, as amended and supplemented.

“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.

“Very Low Income Tenant” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be fifty percent (50%) 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 Very 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 Very 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.

"Very Low Income Unit" means the units in the Project required to be rented to, or held available for occupancy by, Very Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

Section 2. Acquisition, Rehabilitation and Equipping of the Project. The Borrower hereby represents as of the date hereof, covenants and agrees with the LACDA and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to commence the acquisition, rehabilitation and equipping of the Project, pursuant to which the Borrower is or will be obligated to expend at least five percent (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, rehabilitation and equipping of the Project are accurately set forth in the Borrower Cost Certificate (the "Borrower Cost Certificate") submitted to the LACDA on the Closing Date.

(c) The Borrower has acquired the Project Site and will, within six (6) months following the Closing Date, commence the rehabilitation and equipping 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, rehabilitation 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 ninety-seven percent (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 ninety-five percent (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 twenty-five percent (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 sixty (60) days prior to the Inducement Date (except as permitted under the Code), or (ii) incurred more than three (3) 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 eighteen (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, rehabilitation and equipping of the Project by the Borrower commenced less than sixty (60) days prior to the Inducement Date, and as of sixty (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, rehabilitation or equipping of the Project that will be reimbursed from Bond proceeds (except as permitted under the Code), (B) no on-site work has been commenced by the Borrower or any related person in connection with the rehabilitation or equipping 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 Act or the Code.

(h) The Borrower hereby represents and warrants that the Project is located entirely within the County.

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Completion Certificate to CDLAC, the Trustee and the LACDA, 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 Completion Certificate shall be delivered to the Trustee no later than the date ___ months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the LACDA 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.

(j) 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 twenty-five percent (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 sixty (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 are at least ninety-seven percent (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 LACDA of an approving opinion of Bond Counsel, the percentage of such amounts so used may be ninety-five percent (95%).

(k) Money on deposit in any fund or account in connection with the Bond, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Bond to be “arbitrage bonds” within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bond from being “arbitrage bonds” under the Code.

(l) 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. Qualified 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 acquired, rehabilitated and operated 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 and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this Subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit and Very 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. 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) 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 for the following: (1) any dwelling units required to be leased or rented to Low Income Tenants or Very Low Income Tenants, except as further provided

herein, (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 LACDA), (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, and (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. While the Borrower may market units to and target unit occupancy by individuals with special needs under a State program or policy that supports housing for such a specified group, the Borrower shall not deny occupancy to an applicant for a dwelling unit solely based upon such applicant's failure to be a member of such specified group.

(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 County.

(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 LACDA 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. Very Low Income Tenants and Low Income Tenants; Records and Reports.
Pursuant to the requirements of the Code and the LACDA, 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 Act, and in

accordance with such requirements as may be imposed thereby on the Project from time to time. Within thirty (30) days after each of (i) the date on which ten percent (10%) of the dwelling units in the Project are occupied by tenants providing an Income Certification; and (ii) the date on which fifty percent (50%) of dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the LACDA 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 forty percent (40%) (and Very Low Income Tenants shall occupy at least ten percent (10%)) 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 forty percent (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, provided that Very Low Income Tenants shall rent and occupy at least ten percent (10%) of the completed units of the Project. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant or a Very Low Income Tenant is treated as rented and occupied by a Low Income Tenant or a Very Low Income Tenant, as applicable, until reoccupied, other than for a temporary period of not more than thirty-one (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 or a Very 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 or Very Low Income Tenants, as applicable; provided, however, that should a Low Income Tenant's or a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed one-hundred forty percent (140%) of the then applicable income limit for a Low Income Tenant or a Very 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 or a Very Low Income Tenant, as applicable; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant or a Very Low Income Tenant, the former Low Income Tenant or Very Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or a Very Low Income Tenant for purposes of the forty percent (40%) or ten percent (10%) requirement, as applicable, of paragraph (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 or Very Low Income Tenant, as applicable, including (i) an Income Certification dated no later than the day prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant, as applicable, 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 LACDA 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 or Very Low Income Tenants, as applicable, commencing or continuing occupation of a Low Income Unit or a Very Low Income Unit, as applicable (and not previously filed with the LACDA), shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the LACDA no later than the fifteenth (15th) day of each month (or such other period as specified in writing by the LACDA) until such report indicates compliance with Section 4(b) and thereafter the fifteenth (15th) day of each June and December (or such other period as specified in writing by the LACDA) 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 LACDA shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the LACDA.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units and the Very Low Income Units, and will with reasonable notice permit any duly authorized representative of the LACDA, 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 and the Very Low Income Units.

(f) The Borrower will prepare and submit to the LACDA and the Trustee, no later than the fifteenth (15th) day of each month (or such other period as specified in writing by the LACDA) following the receipt by the Trustee of the Completion Certificate to and including the month in which such report indicates that forty percent (40%) of the occupied units (excluding units occupied by managers) are occupied by Low Income Tenants and ten percent (10%) of the occupied units (excluding units occupied by managers) are occupied by Very Low Income Tenants, and thereafter no later than the fifteenth day of each June and December (or such other period specified in writing by the LACDA) 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 paragraph (b) of this Section 4, by Low Income Tenants or Very Low Income Tenants, respectively, 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 LACDA 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, on behalf of the LACDA, submit such completed form to the Secretary of the Treasury, regardless of whether or not the LACDA 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 or a Very Low Income Unit, as applicable, 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 or the Very Low Income Tenant, as applicable, in determining qualification for occupancy of the Low Income Unit or the Very Low Income Unit, as applicable, 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 one-hundred forty percent (140%) of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant, as applicable, of the same family size, such tenant may cease to qualify as a Low Income Tenant or Very Low Income Tenant, as applicable, 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. All leases pertaining to Low Income Units or Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit or a Very Low Income Unit, as applicable: (i) certifies the accuracy of the statements made in the verification of income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Trustee or the LACDA, and that the failure to provide accurate information in the verification of income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant.

Section 5. Tax-Exempt Status of the Bond. The Borrower and the LACDA 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 LACDA will not, as is appropriate, knowingly take or permit actions within their control, or omit to take or cause to be taken any action, that would adversely affect the Tax-Exempt nature of the interest on the Bond, and should either the Borrower or the LACDA take or permit, or omit to take or cause to be taken, any action contrary to the foregoing clause, 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 LACDA will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the LACDA and the Trustee, 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 LACDA will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the LACDA and the Trustee, with a copy to the Borrower and the Bondholders, 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 hereof, and without limiting any additional requirements in Section 7 hereof, during the Qualified Project Period, the Borrower and the LACDA 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) Not less than forty percent (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 sixty percent (60%) of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

Not less than ten percent (10%) 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 fifty percent (50%) 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 thirty percent (30%) times fifty percent (50%) for Very Low Income Tenants, and thirty percent (30%) times sixty percent (60%) for Low Income Tenants 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 LACDA 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 any 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, rehabilitation, construction, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the Housing Act 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 one-hundred forty percent (140%) of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this Section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three (3) years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants and Very 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 and Very Low Income Tenants.

(h) The rental payments for the Low Income Units and the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed Affordable Rents. The LACDA shall, from time to time, revise the maximum rental limits applicable to the Low Income Units and the Very Low Income Units, by a percentage equal to any percentage change in median income for the Area. Until such time as the LACDA mails a notice of such change, the previously existing charges shall apply. Upon receipt of new rental limit schedules, the Borrower may increase the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that no Low Income Tenant or Very Low Income Tenant shall have a rent increase sooner than one year after initial occupancy, and provided, further, no Low Income Tenant or Very Low Income Tenant shall have an annual rent increase in excess of the percentage increase as determined by HUD in the Area median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year to year for those years in which the Borrower chooses not to increase rents by the percentage allowed herein.

(i) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, low income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(j) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants, as applicable. However, should the Gross Income of a tenant residing in a reserved unit increase to exceed the qualifying limit, the next available unit must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirements of Sections 4(b) and 7(a) hereof. Until such next available unit is rented to a qualified tenant, the former Low Income Tenant or Very Low Income Tenant, as applicable, who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or a Very Low Income Tenant, as applicable, for purposes of the requirements of Sections 4(b) and 7(a) hereof.

(k) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy at all times during the Qualified Project Period.

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 LACDA. 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 LACDA, 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 LACDA such information with respect to the Project or the Bond as the LACDA shall from time to time request. The Borrower shall provide written notice to the LACDA of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units and the Very 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 and Very Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, gender identity/expression, transgender status, disability (except to give priority to persons with disabilities for the occupancy of Accessible Housing Units), marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision.

(d) Not less than forty percent (40%) of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Low Income Units and not less than ten percent (10%) of the total number of units in the Project (other than one unit set aside for managerial or administrative use) shall be Very Low Income Units.

(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.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants or Very 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 or a Very 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 or a Very 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 LACDA; 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 LACDA, 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 (5) years thereafter with respect to each Low Income Tenant or Very 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 LACDA (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 fifteen (15) days after receipt of a written request, any other information or completed forms requested by the LACDA, 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 LACDA to file any periodic report, or any other information concerning the Project as the LACDA may reasonably request.

(j) [Reserved].

(k) The LACDA 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 LACDA to deliver to such administrator, in addition to or instead of the LACDA, 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 LACDA.

(l) If upon the annual certification or recertification required in Section 4(d) hereof a tenant's Adjusted Income exceeds one-hundred forty percent (140%) of the then applicable income limit for a Low Income Tenant or a Very Low Income Tenant, as applicable, 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 or a Very Low Income Tenant, as applicable.

(m) The Borrower shall give written notice to Low Income Tenants and Very Low Income Tenants at the following four points in time:

(i) Upon initial move in/lease execution, the Borrower shall give written notice to all tenants of Low Income Units and Very Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. The Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be 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 (12) months prior to the termination of the rent restriction period under this Regulatory Agreement, the Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units and the Very 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 LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development.

(iii) Six (6) 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 and Very 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 LACDA, the Chair of the Board of Supervisors of the County and the California Department of Housing and Community Development.

(iv) Ninety (90) 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 Section 65863.13, pursuant to California Government Code Section 65863.11, prior or concurrent with the twelve month notice referred to above in clause (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 Section 65863.11(h) and shall be sent to the entities by registered or certified mail, return receipt requested. The Borrower shall also post a copy of the notice in a conspicuous place in the common area of the Project.

(n) The Borrower shall pay to the LACDA its initial fee on the Closing Date and thereafter pay to the LACDA its ongoing fees with respect to the issuance of the Bond as follows. The Borrower shall pay the LACDA an initial fee immediately upon issuance of the Bond equal to \$30,000. In addition, the Borrower shall, as compensation for the LACDA's monitoring of the provisions of this Regulatory Agreement, pay to the LACDA, annually in advance, on the anniversary of the Closing Date for the period from the date of issuance of the Bond through the earlier of the maturity date or redemption in full of the Bond, an annual amount equal to \$[Annual Fee While Bond is Outstanding], and thereafter until the later of (i) the end of the Qualified Project Period or (ii) the termination of the CDLAC Conditions, an annual amount equal to \$6,000. Throughout the term of this Agreement, the LACDA or the Trustee, as applicable, shall provide an invoice to the Borrower at least thirty (30) days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the LACDA) and shall collect such payments from the Borrower and immediately remit such funds to the LACDA. 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 LACDA, on or before such payment, an amount equal to the present value of the remaining LACDA fees payable hereunder, as calculated by the LACDA, 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) pay directly to the LACDA on an annual basis, in advance on the anniversary of the Closing Date, the annual fee described above. The Borrower shall not be required to pay the fee described in the preceding sentence if the Bond is prepaid in whole under circumstances which permit termination of this Regulatory Agreement pursuant to Section 14 hereof. The Borrower shall also pay to the LACDA, thirty (30) days after receipt of request for payment thereof from the LACDA, all reasonable out of pocket expenses of the LACDA (not including salaries and wages of LACDA employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bond. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bond, the Borrower shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Bond yield) the LACDA's fees,

unless such prepayment is made in connection with a refunding of the Bond. Notwithstanding any prepayment of the Loan, the Borrower shall continue to pay to the LACDA all fees, losses and expenses required under the Loan Agreement and the Indenture as provided therein. The fees payable hereunder shall be reduced as and to the extent necessary to comply with the requirements of the Code.

(o) The Borrower shall pay to the LACDA any expenses incurred by the LACDA, including, without limitation, bond counsel, county counsel and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the LACDA with respect to the Project, the Project Site or the Bond. The LACDA shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the LACDA its then current fees in connection with any consent, approval, transfer, amendment or waiver requested of the LACDA, together with any expenses incurred by the LACDA and its counsel and financial advisor in connection therewith.

(q) The Trustee shall report to the LACDA in writing semiannually, within ten (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 LACDA as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(t) The Borrower shall submit to the LACDA, (i) not later than the thirtieth (30th) day after the close of each calendar year, a statistical report in the form set forth as Exhibit F hereto, or such other form as may be prescribed by the LACDA, setting forth the information called for therein, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the LACDA in order to comply with reporting requirements of the Internal Revenue Service or the State of California. The Borrower shall not rent any Low Income Unit or Very 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 LACDA.

(u) The Borrower acknowledges that the LACDA may appoint an administrator other than the LACDA (at no additional cost to the Borrower) to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the LACDA to deliver to any such administrator, in addition to or instead of the LACDA, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the administrator as an agent of the LACDA. 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.

(v) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the LACDA, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the LACDA. Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or online media, post any sign or in any other way identify the LACDA as the source of the financing provided for the Project, without the prior written approval of the LACDA (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the LACDA 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).

(w) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower. Notwithstanding any of the foregoing, the Borrower shall comply with the provisions of the LACDA's Multi Family Bond Policies and Procedures, including those set forth in Exhibit H.

Any of the foregoing requirements of the LACDA may be expressly waived by the LACDA in writing in the LACDA's sole discretion, but (i) no waiver by the LACDA 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 LACDA has received an opinion of Bond Counsel that any such provision is not required by the Act 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 LACDA 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.

Section 8. Modification of Covenants. The Borrower, the Trustee and the LACDA hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the LACDA, 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 Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the LACDA, the Trustee and the Borrower (with a copy to the Bondholder), 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 LACDA, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax exempt status of interest on the Bond. The LACDA 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 LACDA, whether or not required by California or federal law.

(c) The Borrower, the LACDA 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 LACDA 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 LACDA, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the LACDA defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the LACDA, the Trustee shall take no action under this subsection (c) without first notifying the LACDA and without first providing the LACDA 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 LACDA.

Section 9. Indemnification. The Borrower shall defend, indemnify and hold harmless the LACDA and the Trustee and the respective staff, officers, members, supervisors, commissioners, 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), regardless of whether Borrower is negligent, directly or indirectly resulting from or arising out of or related to (a) the development, 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 LACDA 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) 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) and any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof, (e) this Regulatory Agreement, the Indenture, the Loan Agreement, the Subordinate Documents, the Density Bonus Restrictions, the AHAP Contract, the HAP Contract and any of the related documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance or transfer of the Bond, (f) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or 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, (g) the defeasance and/or prepayment, in whole or in part, of the Bond, (h) any Determination of Taxability and 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, (i) any finder's fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby, (j) the issuance of any set aside letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower's own cost and with counsel approved by the Indemnified Party, unless the Indemnified Party elects to conduct its own defense at the expense of Borrower, (k) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan or 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, (l) any lien or charge upon payments by the Borrower to the LACDA, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the LACDA in respect of any portion of the Project, (m) the defeasance and/or redemption, in whole or in part, of the Bond and (n) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Bond or any of the documents relating to the Bond to which the Borrower is a party, 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 by the Borrower, in the light of the circumstances under which they were made, not misleading; provided, however, that this provision shall not require the Borrower to indemnify an Indemnified Party from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct of such Indemnified Party or, in the case of indemnification of the Trustee, the negligence of the Trustee. The Borrower also shall pay and discharge and shall indemnify and hold harmless the LACDA and the respective staff, officers, members, supervisors, commissioners, directors, officials and employees, attorneys and agents and the Trustee from (i) any lien or charge upon payments by the Borrower to the LACDA 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.

Except in the case of the foregoing indemnification of the LACDA or any of its officers, members, supervisors, commissioners, directors, officials, employees, attorneys and agents, the indemnification under this Section 9 is limited to the extent such damages are caused by the 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, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by 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 the 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 the Borrower if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or if, in the case of the LACDA, it makes a reasonable judgment that a competent attorney has not been appointed.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the LACDA has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The provisions of this Section 9 shall survive the term of the Bond and this Regulatory Agreement or the resignation of the Trustee.

Section 10. Consideration. The LACDA has agreed to issue the Bond to provide funds to finance the acquisition, rehabilitation and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Project. In consideration of the issuance of the Bond by the LACDA, 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 LACDA 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 exclusion from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the LACDA and the Trustee may rely upon statements and certificates of the Low Income Tenants and the Very Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the LACDA 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 LACDA 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 LACDA 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 County of Los Angeles. The Borrower hereby represents and warrants that the Project will be located entirely within the County of Los Angeles.

Section 13. Sale or Transfer of the Project; Equity Interests. The Borrower hereby covenants and agrees not to (i) directly or indirectly, by operation of law, voluntarily or involuntarily, sell, gift, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Project (excluding tenant leases pursuant to the terms hereof); (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Bond Documents without the prior written approval of the LACDA, which approval the LACDA may withhold in its sole and absolute discretion.

At any time the Borrower desires to effect a Transfer hereunder, the Borrower shall notify the LACDA in writing (a "Transfer Notice") and shall submit to the LACDA for its prior written approval (i) all proposed agreements and documents memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by the Borrower and the proposed transferee to the LACDA sufficient to establish and ensure that all requirements of this Section 13 have been and will be met (collectively, the "Transfer Documents"). No Transfer Documents for the Transfer of the Project shall be approved by the LACDA unless they expressly provide for the assumption by the proposed transferee of all of the Borrower's obligations under the Bond Documents. The Transfer Notice shall include a request that the LACDA consent to the proposed Transfer. The LACDA agrees to make its decision on the Borrower's request for consent to such Transfer promptly and use reasonable efforts to respond not later than thirty (30) days after the LACDA receives the last of the items required by this Section 13. In the event the LACDA consents to a proposed Transfer, then such Transfer shall not be effective unless and until the LACDA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by the Borrower to the LACDA.

Except as expressly provided in this Section 13, in connection with any Transfer of the Project hereunder, the purchaser or assignee shall also (i) deliver to the LACDA of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (ii) deliver to the LACDA an opinion of Bond Counsel addressed to the LACDA to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bond; and (iii) pay to the LACDA and the Trustee all fees and/or expenses then currently due and payable to the LACDA and the Trustee (together with the Transfer Documents, the "Transfer Deliveries").

Notwithstanding anything in this Regulatory Agreement to the contrary, the Borrower agrees that it shall not be permitted to make any Transfer, whether or not the LACDA's consent is required and even if the LACDA has consented thereto, if there exists an Event of Default under the Loan Agreement or any other Loan Document at the time the Transfer Notice is tendered to the LACDA or at any time thereafter until such Event of Default has been cured.

Except as expressly provided in this Section 13, the provisions of this Section 13 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to the Borrower under the terms set forth herein.

Notwithstanding the foregoing, if the Project receives funding through an allocation of low income housing tax credits under Section 42 of the Code ("LIHTCs"), the LACDA hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in the Borrower to an equity investor and subsequent transfers of limited partnership interests; (ii) the grant and exercise of a purchase option and/or right of first refusal with respect to the Project from the Borrower to its general partners, which may involve the sale of the Borrower's interest in the Project and/or the Transfer of greater than forty-nine percent (49%) of its ownership and/or control; (iii) removal of the general partner of the Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that the replacement general partner shall be approved by the LACDA, which approval shall not be unreasonably withheld; and (iv) removal of the general partner of the Borrower pursuant to the terms of the limited partnership agreement of the Borrower, as it may be amended from time to time, provided that the replacement general partner is the Investor Limited Partner of the Borrower or an affiliate thereof. Notwithstanding the above, the Borrower shall notify the LACDA that the Borrower intends to pursue such transfers of partnership interest at least thirty (30) days before the scheduled date of such transfers and shall comply with the provisions of the second paragraph of this Section 13; further, if the general partner is being replaced, the Borrower shall provide evidence acceptable to the LACDA with regard to such successor general partner's financial capability, management experience and history of compliance with affordable housing, landlord/tenant, and health and safety laws, and such other information as requested by the LACDA. In addition, if the general partner of the Borrower is removed and replaced pursuant to clause (iv) above, then the Investor Limited Partner must (a) notify the LACDA that they have taken such action when they take such action; (b) provide the LACDA with copies of all amendments to the Partnership Agreement; and (c) provide a certification from the new general partner stating that it is the Investor Limited Partner or an affiliate of the Investor Limited Partner and describe the affiliation, and also state that the general partner is assuming all obligations and responsibilities of the removed general partner under the Bond Documents, if any, from and after the substitution of the general partner.

The Borrower shall use its best efforts to provide the LACDA concurrently with the closing of any Transfer (but in no event later than thirty (30) days after the closing of such Transfer) copies of all documents pertaining to the transaction, including any amendments to the organizational documents of the Borrower or any constituent partners or members.

Nothing in this Section 13 shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project or any interest (direct or indirect) therein or in the Borrower, including, but not limited to, any consent of the Trustee or the Bondholder required under the Indenture or any other Bond Documents.

Notwithstanding anything contained in this Section 13 to the contrary, neither the consent of the LACDA nor the delivery of the Transfer Deliveries shall be required in the case of a foreclosure or deed in lieu of foreclosure, whereby the Bondholder or a designee or third party

purchaser becomes the Borrower of the Project, and nothing contained in this Section 13 shall otherwise affect the right of the Bondholders, the Trustee or a designee or third party purchaser to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Loan or the Bond Documents. However, if the Trustee or the Bondholder 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 LACDA and delivery of the Transfer Deliveries shall be required for any transfer of the Project subsequent to the Trustee's or the Bondholder's acquisition of the Property by foreclosure or deed in lieu of foreclosure.

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. No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 13 shall affect any provision of the other Bond Documents to which the Borrower is a party.

For the Qualified Project Period, the Borrower shall not (1) grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except as otherwise permitted by the Loan Agreement and this Regulatory Agreement (and upon receipt by the Borrower of an opinion of Bond Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Bond; provided that such opinion will not be required with respect to any lease permitted under this Regulatory Agreement relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Bond Documents and except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose other than rental residences.

Notwithstanding the foregoing, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the LACDA 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 LACDA 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 the Borrower's limited partner shall be transferable under this Regulatory Agreement to any affiliate of the limited partners of the Borrower, without the consent of the LACDA and/or Trustee but with prior written notice thereto.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, in the manner and to the extent as may at the time be required by CDLAC, among other parties, may be required in connection with any transfer of the Project.

Section 14. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period (or such later date provided in Section 32 hereof pursuant to the CDLAC Resolution, which imposes restrictions for a term of at least fifty-five (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 LACDA, 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 LACDA 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 LACDA) 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 the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The LACDA 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 LACDA 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 LACDA 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 LACDA 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 and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond is 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 sixty (60) days after notice thereof shall have been given by the LACDA to the Borrower, then the LACDA 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 sixty (60) days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said sixty (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 sixty (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 LACDA on behalf of the Borrower. The LACDA 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 LACDA and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the LACDA 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 LACDA or the Trustee hereunder;

- (b) 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; 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 LACDA the option, upon either (a) the expiration of sixty (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 or a Very Low Income Unit, as applicable, for more than six (6) months and the submission by the LACDA to the Borrower during such six month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants or Very Low Income Tenants, as applicable, and the qualifications of a reasonable landlord, to lease up to forty percent (40%) of the units with respect to Low Income Units and ten percent (10%) with respect to Very Low Income Units in the Project (other than one unit set aside for managerial or administrative use) for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants or Very Low Income Tenants, as applicable, for a period of not less than six (6) 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 or Very Low Income Units, as applicable. 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 or Very Low Income Tenant, as applicable. The option and any leases to the LACDA under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the LACDA, of compliance with the requirements of Sections 2 through 7 hereof, and any subleases entered into pursuant to the LACDA's option shall be deemed to be leases from the Borrower. The LACDA shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants and Very Low Income Units to Very 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 LACDA 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 LACDA, in accordance with this Section 18 and the provisions of the Indenture,

to exercise any or all of the rights or remedies of the LACDA hereunder, provided that prior to taking any such action the Trustee shall give the LACDA written notice of its intended action. All reasonable fees, costs and expenses of the LACDA and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower. All rents received by the LACDA from such subleases, less the LACDA's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Borrower. All funds in such escrow shall be continuously pledged by the LACDA for the benefit of the Borrower. The LACDA agrees to allow the Borrower access to the LACDA's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses (including reasonable attorneys' fees) of the Trustee and the LACDA incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid any deed of trust, mortgage or like encumbrance upon the Project or any portion thereof given in good faith and for value.

After the Indenture has been discharged, the LACDA 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 LACDA 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 LACDA 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 LACDA, 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 LACDA.

Section 20. Recording and Filing.

(a) 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 LACDA 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 LACDA as grantee.

(b) The Borrower and the LACDA will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents, executed and delivered in connection with a voluntary transfer of any interest in the Project 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.

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 32(e) hereof, 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 LACDA 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 Act and with the written consent of the Trustee.

The LACDA, 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 County Counsel of the LACDA), 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 County Counsel of the LACDA and a request that such Bond Counsel render to the LACDA 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 LACDA: Los Angeles County Development Authority
700 West Main Street
Alhambra, CA 91801 3312
Attention: Mark Trinidad and Jewel Warren-Reed
Telephone: (626) 262-4511
Facsimile: (626) 943-3818

with a copy to: Behnaz Tashakorian
Los Angeles County Counsel,
7th Floor
350 South Figueroa Street
Los Angeles, CA 90071

If to the Borrower: Carson Terrace Partners, LP,
c/o JDF, LLC
777 West Putnam Ave.
Greenwich, CT 06830
Attention: Joanne D. Flanagan, Esq.

and Carson Terrace Partners, LP
c/o Los Angeles Housing Partnership
3660 Wilshire Blvd, Ste 510
Los Angeles, CA 90010

with a copy to: Nelson Mullins Broad and Cassel
390 N. Orange Ave., Ste 1400
Orlando, Florida 32806
Attention: Heather Toft, Esq.

Bocarsly, Emden, Cowan, Esmail, & Arndt, LLP
633 West 5th Street, 70th Floor
Los Angeles, CA 90071
Attention: Daryll Kidd, Esq.

with a copy to: [Addressee and address to come]
Attention: Asset Manager for
Carson Terrace Senior Apartments

with a copy to: Bank of America, N.A.
Mail Code # CA4-704-06-06
2000 Clayton Road, Building D, 6th Floor
Concord, California 94520-2405
Attention: Loan Administration Manager
Telephone: (925) 675-6645
Facsimile: (206) 585-9277

with a copy to: [Addressee and address to come]
Re: Carson Terrace Senior Apartments (_____)
Telephone: _____
Facsimile: _____

If to the Trustee: U.S. Bank National Association
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust
Ref: LACDA MF (Carson Terrace Senior Apartments)
2019 Series D
Telephone: (213) 615-6032
Facsimile: (213) 615-6199

If to CDLAC: California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
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 County of Los Angeles. The Trustee and the Borrower shall not discriminate in their 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). 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. [Reserved].

Section 28. Financial Obligations Personal to Borrower. The LACDA 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 LACDA 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. Americans with Disabilities Act. Each of the Borrower and the Trustee hereby certifies that it and any contractor and subcontractor will comply with the Americans with Disabilities Act 42 U.S.C. Section 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"). Each of the Borrower and the Trustee and any contractor or 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 provisions of the ADA. The Borrower and the Trustee each 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.

Section 30. [Reserved].

Section 31. Limitation on Liability. The Borrower's liability hereunder shall not be limited in the case of the following:

- (a) a willful breach by the Borrower of the provisions of the Bond Documents limiting payments or distributions to members of the Borrower to the extent the Borrower receives such payments or distributions;
- (b) any liability, damage, cost or expense incurred by the LACDA or the Trustee as a result of fraud, waste, willful misconduct or bad faith by the Borrower; and
- (c) any failure by the Borrower to comply with Section 9 or Section 13 of this Regulatory Agreement.

In addition, each individual, other than any representative of the LACDA, signing this Agreement, or any other Loan Document, in a representative capacity, shall be personally liable for (a) the warranty and representation hereby or thereby made that such person has legal capacity and is authorized to sign this Regulatory Agreement or such Loan Document, as the case may be, and (b) intentional fraud by such person in connection therewith.

Section 32. 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 32, 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 32 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 LACDA shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower will cooperate fully with the LACDA 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 LACDA.
 - (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 LACDA not later than January 15 of each year, and the LACDA will submit to CDLAC not later than March 1 of each year, until the Borrower has submitted to the LACDA and CDLAC a Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three (3) 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 LACDA, not later than January 15 of each year, and the LACDA will submit to CDLAC, not later than March 1 of each year, until the Borrower has submitted to the LACDA and CDLAC a Completion Certificate, and on March 1 every three (3) 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 thirty (30) days following the completion of the Project, the Borrower will prepare and submit to the LACDA, the Trustee and CDLAC, a Completion Certificate. Following the submission of the Completion Certificate, the Borrower will prepare and submit to the LACDA, not later than January 15 every three (3) 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 fifty-five (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 32 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 32 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the LACDA 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 32 shall be void and of no force and effect if the LACDA 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, 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 LACDA and/or the Trustee or to cause the LACDA or the Trustee to enforce, the provisions of Section 32(d) 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 Bondholder, 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 in accordance with Section 3 of the CDLAC Resolution limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by the Borrower and approved by CDLAC. The LACDA 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.

IN WITNESS WHEREOF, the LACDA, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY

By: _____
Monique King-Viehland
Executive Director or Designee

Approved as to form:

Mary C. Wickham, County Counsel

Senior Deputy

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Name: Bertha Mares
Title: Vice President

CARSON TERRACE PARTNERS, LP,
a Delaware limited partnership

By: LOS ANGELES HOUSING
PARTNERSHIP, INC.,
a California nonprofit corporation,
its managing general partner

By: _____
[Borrower Signatory]
[Signatory Title]

By: CARSON TERRACE GP, LLC, a Delaware
limited liability company, its co-general
partner

By: TRG CARSON TERRACE
MEMBER, LLC, a Delaware
limited liability company, its sole
member

By: _____
[Borrower Signatory]
[Signatory Title]

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, _____ ,

(here insert name and title of the officer), personally appeared

_____ (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, _____,

(here insert name and title of the officer), personally appeared

_____ (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, _____ ,

(here insert name and title of the officer), personally appeared

_____ (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

[Legal Description]

Assessor's Parcel Number: _____

Street Address of Property

632 East 219th Street, Carson, California 90745

EXHIBIT B

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [PERIOD] ENDING _____

Los Angeles County Development Authority
Multifamily Housing Revenue Bond
(Carson Terrace Senior Apartments)
2019 Series D

The undersigned, being the Authorized Borrower Representative of Carson Terrace Partners, LP, a Delaware 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 Los Angeles County Development Authority (together with any assigns or successors thereto, the “LACDA”), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [Dated Date] (the “Regulatory Agreement”), among the Borrower, the LACDA and U.S. Bank National Association, as Trustee relative to the multifamily housing project located at 632 East 219th Street, Carson, California 90745 in the City of Carson, in the County of Los Angeles, California (the “Project”) known as Carson Terrace Senior Apartments.

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 and Very Low Income Tenants (as such terms are 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 or a Very Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants or Very Low Income Tenants:	_____% Unit Nos. ____ and size
--	--------------------------------------

Occupied by Low Income Tenants:	_____% Unit Nos. ____ and size
---------------------------------	--------------------------------------

Occupied by Very Low Income Tenants:	_____% Unit Nos. ____ and size
--------------------------------------	--------------------------------------

Held vacant for occupancy continuously since last occupied by Low Income Tenants:	_____% Unit Nos. ____ and size
---	--------------------------------------

Held vacant for occupancy continuously since last occupied by Very Low Income Tenants:	_____%
--	--------

Unit Nos. _____ and
size

Vacant Units:

_____ %

Low Income Tenants who commenced
Occupancy of units during the
Preceding [month/quarter]:

Unit Nos. _____

Very 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 Very Low Income Tenants and which units became Low Income Units and Very Low Income Units during the preceding [period]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [period] and of the Borrower's performance under the Regulatory 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].

[Remainder of page left blank]

CARSON TERRACE PARTNERS, LP,
a Delaware limited partnership

By: LOS ANGELES HOUSING
PARTNERSHIP, INC.,
a California nonprofit corporation,
its managing general partner

By: _____
[Borrower Signatory]
[Signatory Title]

By: CARSON TERRACE GP, LLC, a Delaware
limited liability company, its co-general
partner

By: TRG CARSON TERRACE
MEMBER, LLC, a Delaware
limited liability company, its sole
member

By: _____
[Borrower Signatory]
[Signatory Title]

[Signature Page to Carson Terrace Certificate of Continuing Program Compliance]

EXHIBIT C

FORM OF INCOME CERTIFICATION

[or such other form as shall be provided by the LACDA]

Apartment Number: _____. Initial Occupancy Date: _____

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: Carson Terrace Senior Apartments
632 East 219th Street, Carson, California 90745

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 Carson Terrace Senior Apartments, 632 East 219th Street, Carson, California 90745, in the City of Carson, in the County of Los Angeles, California.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant:

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s)	No	Not Applicable
---------	----	----------------

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(d) Is any student listed in paragraph 2 above a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(e) Is any student listed in paragraph 2 a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

4. The total anticipated income for each person listed in paragraph 2 above during the 12-month period commencing with the date occupancy will begin including:

full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable

allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self Sufficiency; amounts for out of pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges 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 thirty (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 (5) 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).
- (c) _____ Qualifies the applicant(s) as a Very Low Income Tenant(s).
- (d) _____ Does not qualify the applicant(s) as Very Low 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 (5) 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:

- (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 bond by the Los Angeles County Development Authority 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 Los Angeles County Development
Authority.

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

Project name: Carson Terrace Senior Apartments

Apartment # _____ Date of Original Certification _____

Resident name _____

TO THE RESIDENT:

This form is a continuation of the Los Angeles County Development Authority (the "Authority") 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 LACDA 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.: 18-406

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 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) Total (Reported in CDLAC Resolution)	Other Restrictions (reflected in PSR)
---	---------------------------------------

____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. ____ (the “Resolution”) adopted by the California Debt Limit Allocation Committee (the “Committee”) on _____, 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 allocation or any other available remedy.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

EXHIBIT F

FORM OF STATISTICAL REPORT TO AUTHORITY

Reporting Period:_____, _____. Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _____; units occupied by Very Low Income Tenants: _____; vacant units most recently occupied by Low Income Tenants: _____; vacant units most recently occupied by Very Low Income Tenants: _____; other vacant units: _____.

2. Total units occupied by households with children, to the extent such information has been provided by tenants: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

3. To the extent such information has been provided by tenants, total units occupied by elderly households with a member of age 62 or over: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

4. The number of Low Income Tenants who terminated their rental agreements during the previous 12 month period is _____. The number of Very Low Income Tenants who terminated their rental agreements during the previous 12 month period is _____.

5. The number of units rented to new Low Income Tenants during the last 12-month period is _____. The number of units rented to new Very Low Income Tenants during the last 12-month period is _____.

6. To the extent such information has been provided by tenants, the family names of each household currently occupying a Low Income Unit and a Very Low Income Unit are listed on the schedule attached hereto.

7. The number of Low Income Units of various sizes is:

studio:
one bedroom:
two bedroom:
three bedroom:

8. The number of Very Low Income Units of various sizes is:

studio:
one bedroom:
two bedroom:
three bedroom:

CARSON TERRACE PARTNERS, LP,
a Delaware limited partnership

By: LOS ANGELES HOUSING
PARTNERSHIP, INC.,
a California nonprofit corporation,
its managing general partner

By: _____
[Borrower Signatory]
[Signatory Title]

By: CARSON TERRACE GP, LLC, a Delaware
limited liability company, its co-general
partner

By: TRG CARSON TERRACE
MEMBER, LLC, a Delaware
limited liability company, its sole
member

By: _____
[Borrower Signatory]
[Signatory Title]

EXHIBIT G
CDLAC RESOLUTION

EXHIBIT H

MULTI FAMILY BOND POLICIES AND PROCEDURES

AFFORDABILITY REQUIREMENTS

A. Number of Affordable Units

At least 20% of the units in each project must be rented to or held available for rent to very low income tenants (50% of median income, adjusted for household size) or 40% of the project units must be rented to or held available for rent to low income tenants (60% of median income), with an additional 10% of these units set at the very low income level.

B. Term

The term of the affordability requirement is the longer of (a) 30 years from the beginning of the Qualified Project Period or the date of the refunding, as applicable, (b) such period as may be required in the opinion of bond counsel to meet federal or state law. The rent of “in place” tenants at the conclusion of the required affordability period will continue to be governed by the applicable affordability restriction, so long as those tenants continue to live in the development.

C. Income Limits

Total household income for income restricted units may not exceed 50% or 60% of the median income as applicable, adjusted by household size, as set by the U.S. Department of Housing and Urban Development (HUD). These limits will be adjusted periodically when HUD adjusts the median income standards.

D. Annual Certification of Tenant Income

The project owner must certify tenant eligibility annually. If at the annual certification a tenant's income exceeds 1.4 times the then income limit for initial occupancy, the owner must rent the next available unit to a new income eligible tenant. The owner may raise the current tenant's rent to market rent only upon renting the next available unit to a new low income or very low income household, as applicable, to be counted toward meeting the affordable unit requirements. A unit rented only to students does not count toward the affordable unit requirements unless they are married and are not listed as dependents on another household's tax returns.

E. Rent Limits

The maximum rents for all the affordable units are adjusted based on the percentage increase in the HUD determined median income for Los Angeles County. These rents are based on 1/12 of 30% of the appropriate income limits, assuming 1 person in a studio, 2 persons in a one bedroom, 3 persons in a two bedroom and 4 persons in a three bedroom unit. These assumptions differ for projects using LIHTCs, which assumes 1 person in a studio and 1.5 persons per bedroom. In the event Tax-Exempt Bond are used with LIHTCs, the more restrictive rents apply.

EXHIBIT I

FORM OF COMPLETION CERTIFICATE

1) Project Name: Carson Terrace Senior Apartments

(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.: _____

3) Name of Bond Issuer: Los Angeles County Development Authority

4) Name of Borrower: Carson Terrace Partners, LP

(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 Bond were first occupied on _____, 20__ and

(b) 50% of the dwelling units in the Project financed in part from the proceeds of the 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 sixty (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 sixty (60) days of the earlier of the acquisition or bond issuance) is _____, 20__

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT J

FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

Project Name: Carson Terrace Senior Apartments

(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.: _____

Name of Bond Issuer: Los Angeles County Development Authority

Name of Borrower Carson Terrace Partners, LP

(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 sixty (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