

# STAFF REPORT

## One Wilkins Place

**SUMMARY:** The subject site is located at 1071 E. 48<sup>th</sup> Street, Los Angeles, CA 90011 in the 9th Council District. The proposed project entails the rehabilitation of a three-story building, totaling 18-units, including one manager's unit, with two commercial spaces. The existing project will continue to provide affordable housing for very, very low to low income families. Amenities include a lobby, elevator, unit kitchen, and office, outside common area /landscaping, laundry, central air conditioning, an intercom entry system, and 35 parking spaces.

### **AFFORDABILITY:**

UNIT TYPE	35% AMI	50% AMI	60% AMI	Manager	TOTAL
2 bedroom	3	3	3		9
3 bedroom	2	4	2	1	9
<b>TOTAL</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>1</b>	<b>18</b>

**DEVELOPMENT TEAM:** The Project Borrower/Sponsor is One Wilkins Place Preservation, L.P. The General Partner is Concerned Citizens of South Central Los Angeles (CCSCLA). The principals of CCSCLA are Robin Cannon, President; Noreen McClendon, Vice-President and Executive Director; and Tashawna McSwain, Secretary. The Co-Developer is BlueGreen Preservation and Development, LLC (BG), a limited liability company. The principal of BG is Alejandro Lara, Chief Operating Officer. Tax credit equity investor is WNC, LLC, and General Contractor is Shangri-La Construction.

The Co-Developer is CCSCLA, a nonprofit corporation under Section 501c3. CCSCLA has 20 years of experience in the development of multifamily rental housing and has developed 11 projects in California resulting in a total of approximately 351 housing units.

**FINANCIAL STRUCTURE:** The bonds will be privately placed by Boston Private Bank & Trust Company. The bonds are unenhanced and unrated but will be subject to the Policies' denomination and sale provisions. The bonds will be issued under an indenture and the proceeds loaned to the borrower under a construction loan agreement. The construction loan will be in the amount of \$3,025,000 at a rate of 2.20% for an 18 months term. A Letter of Credit (LOC) from East West Bank, secures the borrower's obligation to purchase the bonds as tendered by Boston Private Bank under the loan agreement. The LOC is not held by the Trustee and does not secure payment of the principal of and interest on the bond. The LOC secures a put right held by Boston Private Bank should the loan not convert to permanent status. The permanent loan will be in the amount of \$1,174,873, at the rate of 4.40% fixed at the time of loan documentation based on an index rate at that time for a term of 35 years and an 18 year call.

Other permanent sources will include an existing HCID loan in the approximate amount of \$2,804,679 (principal plus accrued interest), which will be assigned to the new ownership structure. The project will also use 4% tax credits, developer equity, operating cash flow and an existing State HCD loan.

### **SOURCES AND USES:**

Construction	Total Sources	Per Unit	% Total
Senior Loan	\$3,025,000	\$168,056	47%
Tax Credit Equity	\$199,556	\$11,086	3%
HCIDLA Loans (Total)	\$1,494,467	\$83,026	23%
Century Housing Loan (existing)	\$1,299,540	\$72,197	20%
Seller Note	\$235,000	\$13,056	4%
Deferred Developer Fee	\$180,033	\$10,002	3%
<b>TOTAL</b>	<b>\$6,433,596</b>	<b>\$357,423</b>	<b>100%</b>

Permanent	Total Sources	Per Unit	% Total
Senior Loan	\$1,174,874	\$65,271	18%
Tax Credit Equity	\$1,995,559	\$110,864	31%
HCIDLA Loans (Total)	\$1,494,467	\$83,026	23%
Century Housing Loan (existing)	\$1,299,540	\$72,197	20%
Net Operating Income (70% during Rehab)	\$53,185	\$2,955	1%
Seller Note	\$235,000	\$13,056	4%
Deferred Developer Fee	\$180,971	\$10,054	3%
<b>TOTAL</b>	<b>\$6,433,596</b>	<b>\$357,423</b>	<b>100%</b>

## STAFF REPORT

### **Figueroa Senior Housing**

**SUMMARY:** The subject site is located at 5503 S. Figueroa Street, Los Angeles, CA 90037 in the 9th Council District. The proposed project entails the acquisition and rehabilitation of 66 existing units. The existing complex will continue to provide affordable housing for seniors. Amenities include a community building, security gates, onsite management and laundry facilities.

### **AFFORDABILITY:**

Unit Type	40% AMI	Mgr.	Total
0 Bedroom	65	1	66
<b>Total</b>	<b>65</b>	<b>1</b>	<b>66</b>

**DEVELOPMENT TEAM:** The Project Borrower/Sponsor is Figueroa Senior Housing Preservation, L.P. (FSHP). The General Partner and Developer is Figueroa Economical Housing Development Corporation (FEHD), a nonprofit corporation. The Co-Developer is BlueGreen Preservation and Development, LLC (BG), a limited liability company. The tax credit equity investor is Hunt Capital Partners, LLC (HCP). The principal of FSHP is Charles Cline, Executive Director. The principal of BG is Alejandro Lara, Chief Operating Officer. The principal of HCP is Dana Mayo, Senior Vice-President. The General Contractor is SHANGRI-LA Construction.

The developer has 13 years of experience in the development of multifamily rental housing and has developed over 5 projects in California resulting in a total of approximately 346 housing units.

**FINANCIAL STRUCTURE:** The bonds will be privately placed and purchased by Boston Private Bank & Trust Company. The bonds are unenhanced and unrated but will be subject to the Policies' denomination and sale provisions. The bonds will be issued under an indenture and the proceeds loaned to the borrower under a construction loan agreement. The construction loan will be in the amount of \$ 4,400,000 at a variable interest rate. A Letter of Credit (LOC) from East West Bank secures the borrower's obligation to purchase the bonds as tendered by Boston Private Bank under the loan agreement. The LOC is not held by the Trustee and does not secure payment of the principal of and interest on the bond. The LOC secures a put right held by Boston Private Bank should the loan not convert to permanent status. The permanent loan will be in the amount of \$2,179,347, at a rate of 4.40 % for a term of 18 years and amortized over 35 years.

Other permanent sources will include an existing HCIDLA loan in the approximate amount of \$4,211,541, which will be assigned to the new ownership structure. The project will also use 4% tax credits, developer equity and operating cash flow.

### **SOURCES AND USES:**

Construction	Total Sources	Per Unit	% Total
Tax-Exempt Bonds (Boston)	\$4,400,000	\$66,667	47%
Deferred Developer Fee	\$350,055	\$5,304	4%
Tax Credit Equity	\$415,012	\$6,288	4%
HCIDLA Loan	\$4,211,541	\$63,811	45%
<b>TOTAL</b>	<b>\$9,376,608</b>	<b>\$142,070</b>	<b>100%</b>

Permanent	Total Sources	Per Unit	% Total
Tax-Exempt Bonds (Boston)	\$2,179,347	\$33,021	23%
Developer Equity	\$100,864	\$1,528	1%
Deferred Developer Fee	\$350,055	\$5,304	4%
Tax Credit Equity	\$2,534,801	\$38,406	27%
HCIDLA Loan	\$4,211,541	\$63,811	45%
<b>TOTAL</b>	<b>\$9,376,608</b>	<b>\$142,070</b>	<b>100%</b>

## STAFF REPORT

### Normandie Senior Housing

**SUMMARY:** The subject site is located at 6301 S. Normandie, Los Angeles, CA 90044 in the 8th Council District. The proposed project entails the acquisition and rehabilitation of 75 existing units. The existing complex will continue to provide affordable housing for seniors. Amenities include a community building, security gates, onsite management and laundry facilities.

#### **AFFORDABILITY:**

Unit Type	40% AMI	Mgr.	Total
0 Bedroom	74	1	75
<b>Total</b>	<b>74</b>	<b>1</b>	<b>75</b>

**DEVELOPMENT TEAM:** The Project Borrower/Sponsor is Normandie Senior Housing Preservation, L.P. (NSHP). The General Partner and Developer is Normandie Non-Profit Housing, Inc. (NNH), a nonprofit corporation. The Co-Developer is BlueGreen Preservation and Development, LLC (BG), a limited liability company. The tax credit equity investor is Hunt Capital Partners, LLC (HCP). The principal of FSHP is Charles Cline, Executive Director. The principal of BG is Alejandro Lara, Chief Operating Officer. The principal of HCP is Dana Mayo, Senior Vice-President. The General Contractor is SHANGRI-LA Construction.

The developer has 13 years of experience in the development of multifamily rental housing and has developed over 5 projects in California resulting in a total of approximately 346 housing units.

**FINANCIAL STRUCTURE:** The bonds will be privately placed and purchased by Boston Private Bank & Trust Company. The bonds are unenhanced and unrated but will be subject to the Policies' denomination and sale provisions. The bonds will be issued under an indenture and the proceeds loaned to the borrower under a construction loan agreement. The construction loan will be in the amount of \$4,812,500 at a variable interest rate. A Letter of Credit (LOC) from East West Bank, secures the borrower's obligation to purchase the bonds as tendered by Boston Private Bank under the loan agreement. The LOC is not held by the Trustee and does not secure payment of the principal of and interest on the bond. The LOC secures a put right held by Boston Private Bank should the loan not convert to permanent status. The permanent loan will be in the amount of \$2,498,813, at a rate of 4.40 % for a term of 18 years and amortized over 35 years.

Other permanent sources will include an existing HCIDLA loan in the approximate amount of \$5,979,300, which will be assigned to the new ownership structure. The project will also use 4% tax credits, developer equity and operating cash flow.

#### **SOURCES AND USES:**

Construction	Total Sources	Per Unit	% Total
Tax-Exempt Bonds (Boston)	\$4,812,500	\$64,167	41%
Deferred Developer Fee	\$69,140	\$922	1%
LIH Tax Credit Equity	\$826,969	\$11,026	7%
HCIDLA Loan	\$5,979,300	\$79,724	51%
<b>TOTAL</b>	<b>\$11,687,909</b>	<b>\$155,839</b>	<b>100%</b>
Permanent	Total Sources	Per Unit	% Total
Tax-Exempt Bonds (Boston)	\$2,498,813	\$33,318	21%
Deferred Developer Fee	\$453,234	\$6,043	4%
LIH Tax Credit Equity	\$2,756,562	\$36,754	24%
HCIDLA Loan	\$5,979,300	\$79,724	51%
<b>TOTAL</b>	<b>\$11,687,909</b>	<b>\$155,839</b>	<b>100%</b>

**RESOLUTION**  
**CITY OF LOS ANGELES**

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A BOND BY THE CITY OF LOS ANGELES DESIGNATED AS ITS MULTIFAMILY HOUSING REVENUE BOND (ONE WILKINS PLACE APARTMENTS) SERIES 2014F IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,025,000 TO PROVIDE PERMANENT FINANCING FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 16 HEREOF AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A LOAN AGREEMENT AND RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS, INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

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

WHEREAS, the City desires to issue pursuant to the Law and in accordance with the Act, its revenue bond to provide permanent financing for the acquisition, rehabilitation and equipping of that multifamily rental housing project described in paragraph 16 below (the "Project"); and

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

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

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Housing Revenue Bond (One Wilkins Place Apartments) Series 2014F in an aggregate principal amount not to exceed \$3,025,000 (the "Bond"); and

WHEREAS, the City proposes to use the proceeds of the Bond to cause the financing of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Bond; and

WHEREAS, Boston Private Bank and Trust Company (the "Purchaser"), has expressed the intention of the Purchaser to purchase the Bond authorized hereby or to cause such Bond to

be purchased by its affiliate, in whole and this Council (the "City Council") finds that the public interest and necessity require that the City at this time make arrangements for the sale of such Bond; and

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

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

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

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on February 16, 2013 to the effect that a public hearing would be held on March 5, 2013 regarding the issuance of the Bond; and

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

WHEREAS, the minutes of such public hearing, together with any written comments received in connection therewith, have been presented to the City Council;

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

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

2. Pursuant to the Law and in accordance with the Act and the Indenture (as hereinafter defined), a revenue bond of the City, to be designated as "City of Los Angeles Multifamily Housing Revenue Bond (One Wilkins Place Apartments) Series 2014F in a combined aggregate principal amount not to exceed \$3,025,000 is hereby authorized to be issued. The principal amount of the Bond to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of a Trust Indenture (the "Indenture") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"), substantially in the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the Bond authorized hereunder. The Mayor of the City, the General

Manager, the Acting General Manager, the Interim General Manager or any Assistant General Manager, Interim Assistant General Manager, Executive Officer or Director—Finance and Development Division of the Los Angeles Housing and Community Investment Department (each hereinafter referred to as a “Designated Officer”) are hereby authorized and directed to execute and deliver, for and in the name and on behalf of the City, said Indenture with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval of the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of the Bond in excess of the amount stated above, such approval by the City Attorney to be conclusively evidenced by the execution and delivery of the Indenture with such additions, changes or corrections.

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

4. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Mayor and City Treasurer, the Interim City Treasurer or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Trustee or an authenticating agent is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Trustee or an authenticating agent, the Bond in substantially such form, and the Trustee is hereby authorized and directed to sell and deliver such Bond to the Purchaser in accordance with the Indenture and the Loan Agreement (hereinafter defined). The date, maturity date, interest rate (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, and other terms of the Bond shall be as provided in the Indenture as finally executed; provided, however, that the principal amount of the Bond shall not exceed \$3,025,000, the interest rate on the Bond shall not exceed 12% per annum and the final maturity of the Bond shall be no later than December 1, 2054. The initial purchase price of the Bond shall be 100% of the par amount thereof as advances are made with respect to the Bond by the Purchaser. The Bond may, if so provided in the Indenture, be issued as a “draw-down” bond to be funded over time as provided in the Indenture. Such Bond may be delivered in temporary form pursuant to the Indenture if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Bond in definitive form can be prepared.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the City, the Trustee and the owner of the Project (as set forth in paragraph 16 below, the “Owner”), substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such

additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the Bond remains tax-exempt.

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

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

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

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

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

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

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

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

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

15. This Resolution shall take effect immediately upon its passage and adoption and shall supersede and supplement the City Council's resolution dated July 1, 2014 on the same subject as necessary to effect the purposes hereof.

16. The "Project" and "Owner", as used herein, shall have the following meanings

<b>Project Name</b>	<b>Number of Units</b>	<b>Address</b>	<b>Owner</b>
One Wilkins Place Apartments	17 plus 1 manager unit	1071 E. 48th Street, Los Angeles, CA 90011	One Wilkins Place Preservation, L.P.

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I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on \_\_\_\_\_, 2015.

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

**RESOLUTION**  
**CITY OF LOS ANGELES**

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A BOND BY THE CITY OF LOS ANGELES DESIGNATED AS ITS MULTIFAMILY HOUSING REVENUE BOND (FIGUEROA SENIOR HOUSING APARTMENTS) SERIES 2014H IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,400,000 TO PROVIDE PERMANENT FINANCING FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF THE MULTIFAMILY SENIORS HOUSING PROJECT SPECIFIED IN PARAGRAPH 16 HEREOF AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A LOAN AGREEMENT AND RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS, INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

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

WHEREAS, the City desires to issue pursuant to the Law and in accordance with the Act, its revenue bond to provide permanent financing for the acquisition, rehabilitation and equipping of that multifamily seniors rental housing project described in paragraph 16 below (the "Project"); and

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

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

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments) Series 2014H in an aggregate principal amount not to exceed \$4,400,000 (the "Bond"); and

WHEREAS, the City proposes to use the proceeds of the Bond to cause the financing of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Bond; and

WHEREAS, Boston Private Bank and Trust Company (the "Purchaser"), has expressed the intention of the Purchaser to purchase the Bond authorized hereby or to cause such Bond to be purchased by its affiliate, in whole and this Council (the "City Council") finds that the public interest and necessity require that the City at this time make arrangements for the sale of such Bond; and

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

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

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

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on February 16, 2013 to the effect that a public hearing would be held on March 5, 2013 regarding the issuance of the Bond; and

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

WHEREAS, the minutes of such public hearing, together with any written comments received in connection therewith, have been presented to the City Council;

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

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

2. Pursuant to the Law and in accordance with the Act and the Indenture (as hereinafter defined), a revenue bond of the City, to be designated as "City of Los Angeles Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments) Series 2014H" in a combined aggregate principal amount not to exceed \$4,400,000 is hereby authorized to be issued. The principal amount of the Bond to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.

3. The proposed form of a Trust Indenture (the "Indenture") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"), substantially in

the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the Bond authorized hereunder. The Mayor of the City, the General Manager, the Acting General Manager, the Interim General Manager or any Assistant General Manager, Interim Assistant General Manager, Executive Officer or Director—Finance and Development Division of the Los Angeles Housing and Community Investment Department (each hereinafter referred to as a “Designated Officer”) are hereby authorized and directed to execute and deliver, for and in the name and on behalf of the City, said Indenture with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval of the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of the Bond in excess of the amount stated above, such approval by the City Attorney to be conclusively evidenced by the execution and delivery of the Indenture with such additions, changes or corrections.

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

4. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Mayor and City Treasurer, the Interim City Treasurer or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Trustee or an authenticating agent is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Trustee or an authenticating agent, the Bond in substantially such form, and the Trustee is hereby authorized and directed to sell and deliver such Bond to the Purchaser in accordance with the Indenture and the Loan Agreement (hereinafter defined). The date, maturity date, interest rate (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, and other terms of the Bond shall be as provided in the Indenture as finally executed; provided, however, that the principal amount of the Bond shall not exceed \$4,400,000, the interest rate on the Bond shall not exceed 12% per annum and the final maturity of the Bond shall be no later than December 1, 2054. The initial purchase price of the Bond shall be 100% of the par amount thereof as advances are made with respect to the Bond by the Purchaser. The Bond may, if so provided in the Indenture, be issued as a “draw-down” bond to be funded over time as provided in the Indenture. Such Bond may be delivered in temporary form pursuant to the Indenture if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Bond in definitive form can be prepared.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the City, the Trustee and the owner of the Project (as set forth in paragraph 16 below, the “Owner”), substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions,

changes and corrections as the Designated Officer may approve upon consultation with the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the Bond remains tax-exempt.

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

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

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

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

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

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

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

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

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

15. This Resolution shall take effect immediately upon its passage and adoption and shall supersede and supplement the City Council's resolution dated July 1, 2014 on the same subject as necessary to effect the purposes hereof. .

16. The "Project" and "Owner", as used herein, shall have the following meanings

<b>Project Name</b>	<b>Number of Units</b>	<b>Address</b>	<b>Owner</b>
Figueroa Senior Housing	65 plus 1 manager unit	5503 South Figueroa Street, Los Angeles, CA 90037	Figueroa Senior Housing Preservation, LP

[remainder of page intentionally left blank]

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on \_\_\_\_\_, 2015.

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

**RESOLUTION**  
**CITY OF LOS ANGELES**

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A BOND BY THE CITY OF LOS ANGELES DESIGNATED AS ITS MULTIFAMILY HOUSING REVENUE BOND (NORMANDIE SENIORS APARTMENTS) SERIES 2014G IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,812,500 TO PROVIDE PERMANENT FINANCING FOR THE ACQUISITION, REHABILITATION AND EQUIPPING OF THE MULTIFAMILY SENIORS HOUSING PROJECT SPECIFIED IN PARAGRAPH 16 HEREOF AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A LOAN AGREEMENT AND RELATED DOCUMENTS AND AGREEMENTS AND THE TAKING OF RELATED ACTIONS, INCLUDING THE EXECUTION OF AMENDATORY DOCUMENTS THERETO.

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

WHEREAS, the City desires to issue pursuant to the Law and in accordance with the Act, its revenue bond to provide permanent financing for the acquisition, rehabilitation and equipping of that multifamily seniors rental housing project described in paragraph 16 below (the "Project"); and

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

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

WHEREAS, the City proposes to issue, pursuant to the Law and in accordance with the Act, its Multifamily Housing Revenue Bond (Normandie Seniors Apartments) Series 2014G in an aggregate principal amount not to exceed \$4,812,500 (the "Bond"); and

WHEREAS, the City proposes to use the proceeds of the Bond to cause the financing of the Project and, if applicable, to pay certain costs of issuance in connection with the issuance of the Bond; and



WHEREAS, Boston Private Bank and Trust Company (the "Purchaser"), has expressed the intention of the Purchaser to purchase the Bond authorized hereby or to cause such Bond to be purchased by its affiliate, in whole and this Council (the "City Council") finds that the public interest and necessity require that the City at this time make arrangements for the sale of such Bond; and

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

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

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

WHEREAS, pursuant to Section 147(f) of the Code, the City caused a notice to appear in the *Los Angeles Times*, which is a newspaper of general circulation in the City, on February 16, 2013 to the effect that a public hearing would be held on March 5, 2013 regarding the issuance of the Bond; and

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

WHEREAS, the minutes of such public hearing, together with any written comments received in connection therewith, have been presented to the City Council;

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

1. The recitals hereinabove set forth are true and correct, and this City Council so finds. This Resolution is being adopted pursuant to the Law.
2. Pursuant to the Law and in accordance with the Act and the Indenture (as hereinafter defined), a revenue bond of the City, to be designated as "City of Los Angeles Multifamily Housing Revenue Bond (Normandie Seniors Apartments) Series 2014G" in an aggregate principal amount not to exceed \$4,812,500 is hereby authorized to be issued. The principal amount of the Bond to be issued shall be determined by a Designated Officer (as defined below) in accordance with this Resolution.
3. The proposed form of a Trust Indenture (the "Indenture") by and between the City and U.S. Bank National Association, as trustee (the "Trustee"), substantially in the form attached hereto, is hereby approved along with any additions or supplements

which may, in the determination of a Designated Officer, be necessary to document the issuance of the Bond authorized hereunder. The Mayor of the City, the General Manager, the Acting General Manager, the Interim General Manager or any Assistant General Manager, Interim Assistant General Manager, Executive Officer or Director—Finance and Development Division of the Los Angeles Housing and Community Investment Department (each hereinafter referred to as a “Designated Officer”) are hereby authorized and directed to execute and deliver, for and in the name and on behalf of the City, said Indenture with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel to the City and approval of the City Attorney, provided that such additions or changes shall not authorize an aggregate principal amount of the Bond in excess of the amount stated above, such approval by the City Attorney to be conclusively evidenced by the execution and delivery of the Indenture with such additions, changes or corrections.

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

4. The proposed form of the Bond, as set forth in the Indenture, is hereby approved, and the Mayor and City Treasurer, the Interim City Treasurer or Deputy City Treasurer of the City are hereby authorized and directed to execute, by manual or facsimile signatures of such officers under the seal of the City, and the Trustee or an authenticating agent is hereby authorized and directed to authenticate, by manual signatures of one or more authorized officers of the Trustee or an authenticating agent, the Bond in substantially such form, and the Trustee is hereby authorized and directed to sell and deliver such Bond to the Purchaser in accordance with the Indenture and the Loan Agreement (hereinafter defined). The date, maturity date, interest rate (which may be either fixed or variable), interest payment dates, denomination, form of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, and other terms of the Bond shall be as provided in the Indenture as finally executed; provided, however, that the principal amount of the Bond shall not exceed \$4,812,500, the interest rate on the Bond shall not exceed 12% per annum and the final maturity of the Bond shall be no later than December 1, 2054. The initial purchase price of the Bond shall be 100% of the par amount thereof as advances are made with respect to the Bond by the Purchaser. The Bond may, if so provided in the Indenture, be issued as a “draw-down” bond to be funded over time as provided in the Indenture. Such Bond may be delivered in temporary form pursuant to the Indenture if, in the judgment of the City Attorney, delivery in such form is necessary or appropriate until the Bond in definitive form can be prepared.

5. The proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) to be entered into by and among the City, the Trustee and the owner of the Project (as set forth in paragraph 16 below, the “Owner”), substantially in the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Regulatory Agreement, with such additions, changes and corrections as the Designated Officer may approve upon consultation with

the City Attorney and Bond Counsel and approval of the City Attorney, such approval to be conclusively evidenced by the execution of said Regulatory Agreement with such additions, changes or corrections. Any Designated Officer is hereby authorized and directed for and in the name and on behalf of the City to execute amendments to the Regulatory Agreement in order that interest on the Bond remains tax-exempt.

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

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

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

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

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

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

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

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

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

15. This Resolution shall take effect immediately upon its passage and adoption and shall supersede and supplement the City Council's resolution dated July 1, 2014 on the same subject as necessary to effect the purposes hereof.

16. The "Project" and "Owner", as used herein, shall have the following meanings

<b>Project Name</b>	<b>Number of Units</b>	<b>Address</b>	<b>Owner</b>
Normandie Senior Housing	74 plus 1 manager unit	6301 South Normandie Avenue, Los Angeles, CA 90044	Normandie Senior Housing Preservation, LP

[remainder of page intentionally left blank]

I certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting on \_\_\_\_\_, 2015.

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

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**TRUST INDENTURE**

between

**CITY OF LOS ANGELES,**  
as Issuer

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

relating to

\$3,025,000  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(One Wilkins Place Apartments),  
Series 2014F

Dated as of January 1, 2015

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## TRUST INDENTURE

**THIS TRUST INDENTURE** (this “Indenture”) is dated as of January 1, 2015 by and between the **CITY OF LOS ANGELES**, a charter city and municipal corporation, organized and existing under the laws of the State of California (the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under and by virtue of the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”).

### WITNESSETH:

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

WHEREAS, the Act and the Law authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments, and intended to be occupied in part by persons of low and moderate income, as determined by the Issuer; (b) to issue its revenue bond 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 to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on September 9, 2013, the Issuer indicated its intent to provide for the issuance of a revenue bond to finance a portion of the acquisition, rehabilitation and equipping of One Wilkins Place Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 1071 East 48<sup>th</sup> Street (the “Project”) and the Issuer’s City Council subsequently adopted a resolution (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer deems it desirable and in keeping with its purposes to issue its Multifamily Housing Revenue Bond (One Wilkins Place Apartments), Series 2014F in the maximum principal amount of \$3,025,000, (the “Bond”) in order to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) among the Issuer, the Trustee and One Wilkins Place Preservation, L.P. (the “Borrower”), the Issuer has agreed to issue the Bond and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, rehabilitation and equipping of the Project, (ii) make payments sufficient to pay the principal of and interest on the Bond when due (whether at

maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note (the "Note") dated as of even date herewith in an original principal amount equal to the maximum original 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 Issuer 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 (i) 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"), (ii) an Assignment of Deed of Trust and Related Documents (as amended, modified or supplemented from time to time, the "Assignment of Mortgage") and (iii) an Assignment of Contracts, Plans and Specifications (as amended, modified or supplemented from time to time, the "Assignment of Project Documents"), each dated as of even date with this Indenture, for the benefit of the Issuer, as secured party;

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

#### GRANTING CLAUSES

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

(a) All right, title and interest of the Issuer in and to the Note, the Mortgage, the Assignment of Mortgage, the Assignment of Project Documents 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 Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Reserved Rights); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Code; 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;

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

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

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**Section 1.01. Definitions.** The following capitalized terms, as used in this Indenture, shall have the meanings specified below unless the context otherwise shall require. All other capitalized terms which are defined in the Loan Agreement 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”* means Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as supplemented and amended to the Closing Date.

*“Additional Interest”* means an amount equal to the excess of (i) the amount of interest an Owner would have received during the period of time commencing on the date that the interest on the Bond, becomes subject to federal income taxation to the earlier of the date of the payment of the Bond or the date of a Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for said period.

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

*“Alternative Rate”* means the lower of (i) 5% in excess of the rate of interest payable on the Bond or (ii) 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 Attesting Officer”* means the City Treasurer, Deputy City Treasurer or Interim City Treasurer of the Issuer, or such other officer or official of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

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

*“Authorized Issuer Representative”* shall mean the Mayor or the General Manager, any Interim General Manager, any Assistant General Manager, any Acting General Manager or any Interim Assistant General Manager, the Executive Officer or the Director or Acting Director, Finance and Development Division of the Los Angeles Housing and Community Investment Department, and any other officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer by a written certificate furnished to the Trustee, which certificate is signed by the Mayor or the General Manager or any Acting General Manager or any Interim General Manager or any Assistant General Manager or Interim Assistant General Manager, the Executive Officer or Director, or Acting Director, Finance and Development Division of the Los Angeles Housing and Community Investment Department and contains the specimen signature of such other officer or employee of the Issuer.

*“Authorized Representative”* means, (i) with respect to the Issuer, any Authorized Issuer Representative; (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower and (iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its authorized officer. 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.

*“BlueGreen Guarantor”* means until the Conversion Date, BlueGreen Preservation and Development Company LLC, a Delaware limited liability company.

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

*“Bond Counsel”* means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer and the Servicer.

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

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

*“Borrower’s Tax Certificate”* means collectively: (i) the Tax Certificate; and (ii) the Borrower Cost Certificate dated the Closing Date in which the Borrower certifies various facts relating to the Project which bear on the exclusion of interest on the Bond from gross income for purposes of federal income taxation.

“*Boston Private*” means Boston Private Bank & Trust Company, a Massachusetts trust company.

“*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 Los Angeles, California, or any city where the corporate trust office of the Trustee is located, are required or authorized by law to remain 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.

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

“*CCSCLA Guarantor*” means Concerned Citizens of South Central Los Angeles, a California nonprofit public benefit corporation.

“*Closing Date*” means [January \_\_,] 2015, the date of issuance of the Bond.

“*Code*” means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

“*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.

“*Conditions to Conversion*” is defined in the Intercreditor Agreement.

“*Construction Disbursement Agreement*” means the Reimbursement Agreement dated as of even date with this Indenture, between the Borrower and East West, as the same may be supplemented, amended or modified.

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

“*Conversion*” means the conversion of the Loan from the construction to permanent phase following satisfaction of the Conditions to Conversion.

“*Conversion Date*” means the date designated as the “Conversion Date” in a notice from the Owner and the Servicer to the Trustee upon satisfaction, or waiver as applicable, of the Conditions to Conversion.

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

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

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

“*Determination of Taxability*” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) 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 interest for a 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, unless the sole cause for such Determination of Taxability is the result of a merger, reorganization or other corporate restructuring of the Owner or a change in applicable federal or state income tax laws; provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (b) 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.

“*East West*” means, East West Bank, a California banking corporation.

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

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

“*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.

*“Intercreditor Agreement”* means the Intercreditor Agreement dated as of the date of this Indenture entered into among Borrower, Boston Private and East West.

*“Interest Payment Date”* means the first day of each month commencing with the month following the month in which the Closing Date occurs, provided that if such day is not a Business Day, such Interest Payment Date shall be the first following day that is a Business Day.

*“Interest Rate Cap Contract”* means any interest rate cap or other hedge agreement procured by the Borrower for the benefit of the Trustee or the Majority Owner pursuant to the Reimbursement Agreement.

*“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 depositary, 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, California, 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 two highest letter rating categories of S&P or Moody's or whose unsecured and uncollateralized short-term debt obligations are rated in 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 which are rated in the two highest rating categories of S&P or Moody's 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’s Letter”* means a letter in the form of Exhibit B to this Indenture executed by the initial Owner and any subsequent transferee of the Bond.

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

*“Issuer Documents”* means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

*“Issuer’s Ongoing Fee”* shall mean the annual fee of the Issuer 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.

*“Law”* means Section 248 of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as supplemented and amended to the Closing Date.

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

*“LIBOR”* (aka, the London Interbank Offered Rate) means the rate of interest in U.S. Dollars (rounded upwards, at the Majority Owner's option, to the next 1/16th of 1%) equal to the Intercontinental Exchange Benchmark Administration Ltd. (“ICE,” or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) (“ICE LIBOR”) for the equivalent LIBOR Interest Period as published by Bloomberg (or such other commercially available source providing quotations of ICE LIBOR as designated by Majority Owner from time to time) at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the below-defined Reset Date; provided however, if more than one ICE LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term LIBOR shall mean, with respect to any LIBOR Interest Period, the rate of interest per annum determined by Majority Owner to be the average rate per annum at which deposits in dollars are offered for such LIBOR Interest Period by major banks in London, England at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the Reset Date.

*“LIBOR Interest Period”* means, initially, the first (1st) LIBOR Interest Period hereunder which shall be the period commencing on the Closing Date and ending on (and including) the last day of the calendar month which includes the Closing Date. Thereafter, each LIBOR Interest Period shall commence on the first calendar day of every calendar month immediately following the previous LIBOR Interest Period (the “Reset Date”), and end on the last calendar day of such calendar month; provided, however, if any LIBOR Interest Period is to commence in a month for which there is no day which numerically corresponds to the Reset Date, the LIBOR Interest Period shall commence on the last day of such calendar month.

“*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 Issuer, the Trustee and the Borrower, as the same may be supplemented, amended or modified.

“*Loan Documents*” means, collectively, the Loan Agreement, the Note, the Regulatory Agreement, the Mortgage, the Reimbursement Agreement, the Assignment of Mortgage, the Assignment of Project Documents, the Environmental Indemnity, the Guaranty, the Tax Certificate, any Interest Rate Cap Contract and, upon delivery thereof, the Servicing Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower’s indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

“*London Business Day*” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“*Majority Owner*” means the Person who owns at least 51% in aggregate principal amount of the Outstanding Bond, or the person who is designated in writing to exercise the powers of “Servicer” and “Majority Owner” hereunder by a Person who owns at least 51% in aggregate principal amount of the Outstanding Bond.

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

“*Maximum Rate*” means the lesser of (i) 12% per annum or (ii) the maximum rate allowed by applicable law, if any.

“*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 Issuer, 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, with respect to the Issuer, Los Angeles Housing and Community Investment Department, 8th Floor, 1200 West 7th Street, Los Angeles, California 90017, Attention: Supervisor, Affordable Housing Bond Program with a copy to Los Angeles Housing and Community Investment Department, P.O. Box 532729, Los Angeles, California 90053-2729, Attention: Supervisor, Affordable Housing Bond Program and with a copy to Kutak Rock, 1650 Farnam Street, the Omaha Building, Omaha, Nebraska, 68102, Attention: J. Toger Swanson, Esq.; with respect to the Borrower, c/o Concerned Citizens of South Central Los

Angeles, 4707 South Central Avenue, Los Angeles, CA 90011, Attention: Noreen McClendon, with a copy to Hobson, Bernardino & Davis, LLP, Ernst & Young Plaza, 725 S. Figueroa Street, Suite 3230, Los Angeles, CA 90017, Attention: Jason A. Hobson, Esq. and to WNC Institutional Tax Credit Fund X California Series 12, L.P. c/o WNC & Associates, Inc., 17782 Sky Park Circle, Irvine, California 92614-6404 Attention: Michael J. Gaber; with respect to the Majority Owner, Boston Private Bank & Trust Company, 1520 Broadway, Santa Monica, CA 90401, Attention: Rufus Phillips, with a copy to Buchalter Nemer, PC, Suite 1700, 55 2nd Street, San Francisco, California, 94105 Attention: Sarah C. Perez, Esq.; with respect to the Trustee, U.S. Bank National Association, 633 West 5th Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services; with respect to East West, 135 N. Los Robles, Avenue, 2nd Floor, Pasadena, California 91101, Attention: Linda Morgan, with a copy to Nevers Palazzo, Packard, Wildermuth & Wynnner, 31248 Oak Crest Drive, Suite 100, Westlake Village, California 91361, Attention: Carlisle Packard, and with respect to any other future lender or Majority 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.

“*Owner*” means the registered owner of the Bond.

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

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

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

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

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

“*Qualified Buyer*” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

“*Qualified Project Costs*” shall have the meaning contained in the Regulatory Agreement.

“*Rebate Analyst*” or “*Arbitrage Analyst*” means any Person, chosen by the Borrower and at the expense of the Borrower and acceptable to the Issuer, 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 January 1, 2015, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“*Requisition*” means a requisition in the form of Exhibit D attached hereto, required for the making of an advance from the Loan Account, the Equity Account of the Project Fund.

“*Reserved Rights*” means rights of the Issuer, its members, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to enforce and receive payments of money directly and for its own purposes under Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(l), 3.02(b), 3.02(d), 3.02(e), 5.03, 5.06, 5.13, 5.14, 5.19, 5.21, 6.03(a)(ii), 7.04 and 7.08 (as it relates to the Issuer) of the Loan Agreement, the Issuer’s rights to indemnification, to receive notices and the right to enforce such rights, including the Issuer’s rights under and relating to the enforcement of the Regulatory Agreement, to receive its fees, expenses and indemnities due under the Loan Agreement and Regulatory Agreement, to receive the Rebate Amount under the Loan Agreement, its rights of access, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture.

“*Reset Variable Rate*” means, on and after the 16th anniversary of the Conversion Date, a variable rate of interest equal to 65% of LIBOR that is current on the first calendar day of each month, plus 930 basis points for the Bond.

“*Resolution*” means together, the resolutions of the Issuer adopted on July 1, 2014, and on January [\_\_\_], 2015, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bond and the performance of its obligations thereunder.

“*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 that no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

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

“*S&P*” means Standard & Poor’s Ratings Services, 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 Issuer, with the consent of the Borrower and the Servicer.

“*Special Reserve Account*” has the meaning set forth in the Loan Agreement.

“*State*” means the State of California.

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

“*Taxable Rate*” means a rate of interest equal to the difference between the applicable Bond interest rate and interest calculated at the Majority Owner’s taxable rate for bonds similar to the Bond, to be determined in Majority Owner’s sole and absolute discretion, for the remainder of the term, but in no case exceeding the Maximum Rate.

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

“*Term Variable Rate*” means, following the Conversion Date, and continuing to the 16<sup>th</sup> anniversary of the Conversion Date, a variable rate of interest equal to 65% of LIBOR that is current on the first calendar day of each month, plus 230 basis points for the Bond.

“*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.

“*Trust Estate*” means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

“*Trustee Intercreditor Agreement*” means the Intercreditor Agreement dated as of the date of this Indenture entered into among Issuer, the Trustee and East West.

“*Variable Rate*” means, prior to the Conversion Date, a variable rate of interest equal to 80% of the Federal Home Loan Bank Classic Advance 1 Month Regular Advance Rate that is current on the first calendar day of each month, plus 150 basis points for the Bond.

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

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

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

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

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

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

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

## **ARTICLE II**

### **REPRESENTATIONS AND COVENANTS OF THE ISSUER**

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

(a) The Issuer is a charter city and municipal corporation in the State, duly organized, validly existing and in good standing under the Act and the laws of the State.



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

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

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

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

(a) The Issuer 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 Issuer will do, 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 Issuer Documents and the Bond.

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

(d) The Issuer will not knowingly take or permit actions within its control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect, the excludability of interest on the Bond from gross income for federal income tax purposes.

(e) The Loan Agreement sets forth covenants and obligations of the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate, at the Borrower's expense, in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee and the Servicer may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and

pursuant to the Loan Agreement in their respective names and on behalf of the Owner, whether or not the Issuer has undertaken to enforce such rights and obligations.

(f) The Issuer acknowledges that it has assigned its interest in and to the Mortgage and the Note to the Trustee under this Indenture and that such instrument further secures payment of the Loan, interest thereon and amounts due under certain other Loan Documents, and reference is hereby made to the same for a detailed statement of the obligations of the parties thereto.

(g) Subject to the terms of this Indenture and of the Mortgage and the Regulatory Agreement, until the occurrence of an Event of Default under the Loan Agreement, the Borrower shall be permitted to possess, use and enjoy the Mortgaged Property and to receive and use the issues and profits of the Mortgaged Property.

(h) The Issuer will comply with the requirements of the Tax Certificate.

### **ARTICLE III**

#### **AUTHORIZATION AND ISSUANCE OF BOND**

##### **Section 3.01. Authorization of Bond.**

(a) There is hereby authorized, established and created an issue of a Bond of the Issuer to be known and designated as the “City of Los Angeles Multifamily Housing Revenue Bond (One Wilkins Place Apartments), Series 2014F” in the principal amount of \$3,025,000. 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, at par. [The initial installment for the purchase of the Bond shall be in the amount of \$ [at least \$50,001]] 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 the payment of the purchase price of the Bond by the Owner in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by any 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 applicable 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) the original executed Note, and executed original counterparts of this Indenture, the other Issuer Documents and the Loan Documents;
- (b) written confirmation from the Servicer or its counsel that the conditions to delivery of the letter of credit to be issued by East West to Boston Private contained in the Construction Disbursement Agreement have been satisfied or waived by Servicer;
- (c) written confirmation from the Majority Owner or its counsel that all underwriting conditions of the Majority Owner have been satisfied or waived by the Majority Owner;
- (d) a certified copy of the Resolution;
- (e) evidence of: (i) the payment of the initial installment of the purchase price of the Bond; and (ii) deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;
- (f) an opinion of Bond Counsel substantially to the effect that the Bond constitutes a legal, valid and binding obligation of the Issuer and that under existing statutes, regulations, rulings and court decisions, the interest on the Bond is not 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 federal income tax purposes;
- (g) an original Investor Letter executed by the initial purchaser(s) of the Bond, in substantially the applicable form set forth in Exhibit B hereto;
- (h) the opinion of counsel to the Borrower in the form required by the Issuer and counsel to the Owner, addressed to the Issuer, the Trustee and the Owner;
- (i) receipt by the Trustee of the initial deposits to this Indenture as described in Section 5.01(c) hereof; and

(j) any other documents or opinions which the Issuer or Bond Counsel may reasonably require.

**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 a Bond is mutilated, lost, stolen or destroyed, the Issuer 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 a Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of a Bond and of the ownership thereof. Upon the issuance of a 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 Issuer and the Trustee. In case a Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

**Section 3.05. Terms of Bond—General.**

(a) **Registration; Denomination.** The Bond shall be issuable initially in the Authorized Denomination as specified by the initial Owner. Thereafter, the Bond shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. 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 and of principal upon redemption pursuant to Section 4.01(f) hereof shall be mailed by first-class mail to the Owner of the Bond at its address appearing on the records of the Trustee; provided, however, that the payment to the Servicer shall, upon written request of the 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 Sections 4.01(d) and (e) hereof) of a 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 Majority Owner shall, at the request of the Majority Owner, be made by wire transfer to the Majority Owner without the requirement of surrender of such Bond under any circumstances.

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

(a) **General.** The Outstanding principal amount of the Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. Interest on the Bond shall be computed on the basis of a 360-day year, for the number of days actually elapsed.

(b) **Variable Rate.** From the Closing Date to the Conversion Date, the Bond shall bear interest at the Variable Rate. The Servicer shall determine the Variable Rate for the Bond on the first day of each month following the Closing Date. Absent manifest error, the determination of the Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. From and after the Conversion Date to the 16<sup>th</sup> anniversary of the Conversion Date, the Bond shall bear interest at the Term Variable Rate. The Servicer shall determine the Term Variable Rate for the Bond on the first day of each month following the Conversion Date. Absent manifest error, the determination of the Term Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. From and after the 16th anniversary of the Conversion Date to the Maturity Date, the Bond shall bear interest at the Reset Variable Rate. The Servicer shall determine the Reset Variable Rate for the Bond on the first day of each month following the 16th anniversary of the Conversion Date. Absent manifest error, the determination of the Reset Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. 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.

(c) [Reserved].

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

(e) **Taxable Rate.** If an Initial Notification of Taxability shall occur, the Bond shall bear interest from the date of such Initial Notification of Taxability at the Taxable Rate. If such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability has not occurred, then the Bond shall bear interest from the date of such reversal at the rate applicable to the Bond prior to the Initial Notification of Taxability and the Owner shall refund to the Borrower on or prior to the next succeeding Bond Payment Date, the excess interest previously paid. This provision shall survive the discharge of this Indenture.

(f) ***Additional Interest and Taxes, Penalties and Assessments.*** The Owner of the Bond shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Fund pursuant to the provisions of Section 3.02(b) of the Loan Agreement and all taxes, penalties and assessments charged the Owner in respect of federal, state or local taxes paid by the Owner resulting from inclusion of interest on the Bond in the gross income of the Owner.

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

(h) ***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.**

(a) Interest on the Bond shall be payable in the following manner: commencing the first day of the first month after the month in which the Closing Date occurs and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bond at the applicable interest rate shall be due and payable in arrears.

(b) Commencing on the first day of the first month after the month in which Conversion occurs and continuing on each first day of the month thereafter principal and interest payments based on a 35-year amortization schedule shall be due and payable in arrears; and all accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier.

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

(a) The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and the Authorized Attesting Officer and attested by the manual or facsimile signature of its Authorized Attesting Officer under the official seal, or a facsimile of the seal, of the Issuer (whether affixed, imprinted, impressed, engraved or otherwise reproduced). Any facsimile signatures shall have the same force and effect as if the Mayor and the Authorized Attesting Officer had manually signed and attested the Bond. In case any officer whose signature or a facsimile of whose 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 as if such officer had remained in office until delivery. Any reproduction of the official seal of the Issuer on any Bond shall have the same force and effect as if the official seal of the Issuer had been manually impressed on such Bond.

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

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

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

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

(b) Upon a partial redemption of the Bond, the Issuer shall execute and the Trustee shall authenticate and deliver new certificates representing the unredeemed portion of the Bond to be so redeemed in part, in exchange for the certificates representing the Bond to be so redeemed in part. Surrender of the Bond for execution, authentication and delivery of a new certificate shall not be a precondition to the redemption of the Bond pursuant to Section 4.01(f) hereof.

(c) Upon surrender of the Bond at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bond may, following compliance with the requirements of this Section 3.09, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bond in Authorized Denominations.

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

(e) The Bond shall be transferred upon presentation and surrender thereof at the Principal Office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. Any Bond surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of a Bond, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for a transfer of the Bond to East West (which transfer may occur on any Business Day), 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 the 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.

(f) Except for the transfer of the Bond to any subsidiary of Boston Private (or any successor to Boston Private, whether by merger, acquisition of assets or otherwise) the Bond may be transferred, only in whole (unless otherwise approved in writing by the Issuer, which approval may be withheld in its sole and absolute discretion), to a new Bondholder only upon receipt by the Bond Registrar, the Issuer and the Trustee of an Investor Letter and only with the prior written consent of the Issuer (except that any transfer of the Bond to East West shall not require the consent of the Issuer). The Trustee shall be entitled to rely, without any further inquiry, on any Investor Letter delivered to it and shall be fully protected in registering any transfer or exchange of the Bond in reliance on any such Investor Letter which appears on its face to be correct and of which the Trustee has no actual knowledge otherwise. Any such Holder desiring to effect such transfer shall agree to indemnify the Issuer, its official, officer, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the Issuer's governing board and Trustee from and against any and all liability, cost or expense (including attorneys' fees) that may result if the transfer of the Bond is not exempt from the registration requirements of the Securities Act of 1933, as amended, or is not made in accordance with federal and state laws. The Owner shall execute and deliver such Investor Letter in connection with its initial purchase of the Bond. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer as provided in the Bond form attached hereto as Exhibit A.



**Section 3.10. Ownership of Bond.** The Issuer, the Trustee and any other Person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be affected by any notice to the contrary.

**Section 3.11. Payments on Bond Due on Non-Business Days.** In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bond 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 notice can be given in accordance with this Indenture after the Conversion Date to the extent of excess funds on deposit on such date in the Loan Account of the Project Fund, determined as provided in Section 5.03 of this Indenture;

(b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are received 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 adversely affect the exclusion of interest on the Bond from gross income of the Owner for federal income tax purposes;

(c) 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 the Borrower's failure to give written notice to the Trustee within 15 days of a Determination of Taxability that the Bond will thereafter bear interest at the Taxable Rate) at a redemption price equal to the principal amount thereof, plus accrued interest thereon and Additional Interest;

(d) in part on the Conversion Date, in the amount directed in writing to the Trustee by the Servicer pursuant to the Construction Disbursement Agreement;

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

(f) in whole, on any date following receipt by the Trustee of written 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; or

(g) in whole on any date, following receipt by the Trustee of written notice from the Owner stating that East West has failed to honor a properly presented drawing under the "Letter of Credit" or that the issuer of a "Confirming Letter of Credit" (as both such terms are defined in the Intercreditor Agreement) has failed to honor a properly presented drawing under its Confirming Letter of Credit..

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

**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, but not in part, at any time, 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.** (a) 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 the 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. A Bond so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

(b) Notwithstanding Section 4.04(a), if the Servicer and the Owner certify in writing to the Trustee that East West has paid to Owner the principal amount of the Outstanding Bond and all accrued interest thereon, East West (and not Borrower) shall be deemed to have purchased the Bond in lieu of redemption on the terms and with the same rights set forth in Section 4.04(a).

#### **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 Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owner for a redemption pursuant to Section 4.01(e) of this Indenture, and no notice of redemption shall be required to be given to the Owner in any event for a redemption pursuant to Section 4.01(f) of this Indenture. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owner shall not affect the validity of the proceedings for the redemption of the Bond.

(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, if required, at the place specified in such notice, such Bond or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bond shall cease to bear interest and (ii) such Bond shall no longer be considered as Outstanding under this Indenture.

#### **Section 4.06. [Reserved].**

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

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond, at the option of such Owner, of any Authorized Denomination of like tenor, however, that such surrender of Bond shall not be required for payment of the redemption price pursuant to Section 4.01(e) or 4.01(f) hereof. A Bond so presented and surrendered shall be canceled in accordance with this Indenture.

(b) In the event of a partial redemption of the Bond other than pursuant to Section 4.01(e) of this Indenture or any failure of the entire principal amount of the Bond authorized hereunder to be purchased through the “drawdown” mechanism pursuant to Section 3.01(b) through the Conversion Date, the mandatory sinking fund schedule set forth on the schedule attached as Exhibit C to this Indenture (as it may have been previously adjusted in accordance with this Section 4.07(b)) shall be adjusted

to provide for approximately equal monthly payments of principal and interest at the applicable rate hereunder on the Bond remaining Outstanding after taking into account such partial redemption; the Servicer shall provide the Trustee with a new schedule reflecting such adjustment.

## **ARTICLE V**

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

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

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

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

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

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

- (i) \$ [                      ], representing [a portion of] the initial installment of the proceeds of the sale of the Bond, shall be deposited in the Loan Account of the Project Fund;

(ii) \$[ ], representing the proceeds of the sale of the Bond [and the initial equity contribution of the Borrower] shall be deposited in the Capitalized Interest Account;

(iii) \$[ ], representing a portion of the initial equity contribution of the Borrower [and \$[ ], representing a portion of the initial installment of the proceeds of the sale of the Bond, for a total of \$[ ]] shall be deposited in the Costs of Issuance Account of the Project Fund; and

(iv) \$[ ], representing the balance of the initial equity contribution of the Borrower 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 further funded from time to time as and when installments of the purchase price of the Bond are paid by the Owner pursuant to Section 3.01(b) hereof. 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. Subject to the Intercreditor Agreement and the Trustee Intercreditor Agreement, 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 Issuer, 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 and Equity Account.*** The Trustee shall make payments from the Loan Account for the purpose of paying the Qualified Project Costs. The Trustee shall make payments from the Equity Account to pay (A) all costs of acquisition, rehabilitation and equipping of the Project other than Qualified Project Costs and (B) to the extent amounts on deposit in the Loan Account are insufficient for such purposes, all Qualified Project Costs. Disbursements from the Loan Account and the Equity Account shall be made by the Trustee upon receipt of a Requisition, executed by an Authorized Representative of the Borrower and approved by an authorized representative of the Servicer and the Issuer. The Issuer agrees, however, that if the Issuer has not objected in writing to any disbursement within 10 Business Days of receipt of a request for approval of such disbursement, the Issuer shall be deemed to have approved such disbursement. Furthermore, if the Issuer and the Servicer disagree as to whether a particular disbursement shall be approved or disapproved, they shall meet and confer in good faith, upon the request of either of them in an effort

to resolve the matter, which meeting may be by telephonic or electronic means, or may be at a personal meeting. If they fail to agree upon the approval or disapproval of a disbursement following such good faith efforts, the Servicer can approve the disbursement and pay it from the proceeds of the Bond. Upon Servicer's written notice to the Trustee that an Event of Default has occurred under the Construction Disbursement Agreement and so long as such Event of Default shall continue, the Trustee shall accept and pay Requisitions without a signature of the Borrower. The representations in any Requisition submitted by Servicer only may be qualified as to Servicer's knowledge.

(ii) *Capitalized Interest.* On the last Business Day immediately preceding each Interest Payment Date up to and including the Conversion Date, the Trustee shall transfer funds from: (A) the Loan Account to the Revenue Fund to pay accrued interest on the Bond through the date immediately preceding such Interest Payment Date; (B) if no amount remains in the Loan Account, 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; and (C) from the Capitalized Interest Account to pay to East West letter of credit fees incurred by the Borrower pursuant to the Construction Disbursement Agreement, as directed by the Servicer to the Trustee in writing, without in any case, any requirement or condition of submission of any Requisition. After the Conversion Date, amounts held in the Capitalized Interest Account shall be: (A) applied to pay Qualified Project Costs pursuant to a completed Requisition; (B) transferred to the Revenue Fund for application to the payment of amounts due in respect of the Bond; or (iii) as further provided in Section 5.03 hereof, released to the Borrower, in each case upon the written direction of the Servicer to the Trustee (a copy of which shall be provided to the Borrower).

(iii) *Costs of Issuance Account.* Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay costs of issuance of the Bond pursuant to a closing statement signed by the Borrower and the Servicer identifying the amount to be paid and the payee upon the Trustee's receipt of an invoice therefor. 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 60 days following the Closing Date, shall be transferred to the Equity Account of the Project Fund.

(iv) *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.

(v) *Acceleration.* Upon the occurrence and continuation of an Event of Default under the Loan Agreement and an acceleration of the Bond pursuant thereto, all moneys and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bond.

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

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

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

(a) Subject to the Intercreditor Agreement and Trustee Intercreditor Agreement, 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 Bond in accordance with Section 4.01(b) hereof, or (ii) released to the Borrower if the Borrower obtains an opinion of Bond Counsel that such release will not adversely affect the excludability of the interest on the Bond from gross income of the Owner for federal income tax purposes, all in accordance with written instructions of the Servicer.

**Section 5.05. Intentionally Omitted.**

**Section 5.06. Intentionally Omitted**

#### **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 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 5.10).

(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, and any Additional Interest due with respect to, the Bond;

(iii) on the first day of each month, to the payment of the fees of the Servicer, if any, and on the first day of each [January] and [July] to payment of the fees of the Issuer and the Trustee, each as 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 Issuer and the Trustee and the payment of any amounts payable to the United States, any amounts remaining in the Revenue Fund 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 Issuer, the Borrower or the Owner shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate.

(b) The Trustee shall make information regarding the Bond and the investments hereunder available to the Borrower promptly upon written request, shall make deposits to and disbursements from the Rebate Fund in accordance with the



directions received from the Authorized Representative of the Borrower, shall invest moneys in the Rebate Fund pursuant to 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) Pursuant to the Tax Certificate and upon written direction of the Rebate Analyst, the Trustee shall remit all rebate installments and a final rebate payment to the United States of America pursuant to the final report of the Arbitrage Analyst; provided, however, 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 Issuer 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 all 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) The Borrower shall provide the Trustee with a copy 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 Issuer and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of Owners (other than an Owner who is a

“substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) 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 Issuer, 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 Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) 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.

**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, 5.03 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.07 hereof. Earnings on investments held in the Rebate Fund shall be retained therein.

**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 by the Trustee 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 Issuer 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, if requested in writing by

the Issuer, with the Issuer, a statement setting forth in respect to the preceding calendar month or year:

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

The Issuer acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of securities transactions as they occur, the Issuer specifically waives the right to receive such confirmations. Upon the written request of any Owner of the Bond, 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.

**Section 5.14. Issuer's Fees.** The Issuer shall be paid the fees described in the Regulatory Agreement, including, but not limited to, Sections 7(n) and (o) thereof. To the extent not paid from the Revenue Fund, the Trustee shall collect such Issuer's fees, including the Issuer's Ongoing Fee, from the Borrower when due from the Borrower and remit them to the Issuer at the times specified in the Regulatory Agreement. The Trustee may establish a fund or account in its records to deposit and remit such Issuer's fees to the Issuer.

## **ARTICLE VI**

### **DEFAULT PROVISIONS; REMEDIES**

**Section 1.01. Provisions Regarding Any Default and Acceleration.** Upon a default by the Issuer of its obligations hereunder or a default by the Borrower of its obligations under the Loan Documents, the Trustee shall, subject to the provisions of Article VII, take such actions, and only such actions, to enforce the provisions of this Indenture, the Issuer Documents and the Loan Documents as are specified in writing by the Owner. Notwithstanding anything else to the contrary herein or in the Loan Agreement, no default by the Borrower under the Loan Agreement, the Note or any other Loan Document shall constitute an event of default with

respect to the Bond (including, without limitation, a failure to make any payment due with respect to the Bond as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). The Issuer's, Trustee's, Owner's and Servicer's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. In the event of a default by the Borrower under the Loan Documents, the Owner, in its discretion, may accelerate the amounts due under the Loan Agreement and take other remedial actions available thereunder without accelerating the amounts due with respect to the Bond. Notwithstanding the foregoing, the Owner may, upon the acceleration of the Borrower's obligations under the Loan Documents, direct the Trustee to simultaneously accelerate the maturity of the Bond and apply any funds available hereunder to the payment of the Bond (after paying the fees and expenses of the Trustee and the Issuer). Any portion of the Bond remaining outstanding upon such an acceleration of the Bond shall be deemed paid upon transfer, to or at the direction of the Owner, of the Loan Documents and all security therefor, free and clear of the lien of this Indenture.

The Issuer shall cooperate with the Trustee and the Owner 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 and provided in the Loan Agreement and Regulatory Agreement.

**Section 6.02. Effectiveness of Sections 6.02 through 6.10 at the Direction of Issuer; Events of Default.** At the written request of the Owner, the Issuer may authorize, by written notice to the Trustee, the effectiveness of this Section 6.02 and Sections 6.03 through 6.10. The Issuer's authorization of such provisions may be granted on such terms as the Issuer may determine in its sole and absolute discretion, including, without limitation, provision by the requesting Bondholder of indemnification satisfactory to the Issuer. Upon delivery of the above-referenced authorization the provisions of this Section 6.02 and Sections 6.03 through 6.10 shall be effective. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) The failure to pay any installment of principal or the redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The failure to pay any installment of interest on any Bond payable hereunder within five (5) calendar days after the Issuer's receipt of notice of the amount due and payable; or

(c) The failure by Issuer to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bond, and such failure shall continue for a period of sixty (60) days after written notice thereof to the Issuer and the Borrower by the Trustee or by the Owner of the Bond.

### **Section 6.03. Remedies.**

(a) Except as otherwise provided in this Article, the Trustee shall take only such actions in respect of an Event of Default as it shall be directed in writing to take by the Servicer, with acceptable indemnity to the Trustee. Such actions may include the following:

(i) Declaration of all Outstanding Bond to be immediately due and payable, whereupon such Bond shall become and be immediately due and payable, anything in the Bond or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bond an amount equal to the total principal amount of the Bond, plus all interest accrued thereon and which will accrue thereon to the date of payment and all unpaid interest on the Bond on the date of payment.

(ii) Implementation of actions for the recovery of the amounts due on the Note, the Loan Agreement and the other Loan Documents;

(iii) Foreclosure or realization upon the collateral held by the Trustee for the obligations of the Borrower under the Loan Documents;

(iv) Implementation of such other rights and remedies as may be available under the Loan Documents, the Guaranty or applicable law.

(b) At any time after the principal of the Bond shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee (if so directed by the Servicer in the case of an Event of Default arising under Section 6.02(a) or (b)), shall annul such declaration and its consequences with respect to any amount of the Bond not then due by its terms. In such event, the Issuer, the Borrower, the Trustee and all of the Owners shall be restored to the same position as before the occurrence of the Event of Default. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

**Section 6.04. Additional Remedies and Enforcement of Remedies.** Upon the occurrence and continuation of any Event of Default, the Trustee shall at the written direction of the Servicer, upon receipt of acceptable indemnification, proceed forthwith to protect and enforce its rights and the rights of the Owner under the Act, the Bond and this Indenture by such suits, actions or proceedings as the Trustee shall be directed in writing by the Servicer.

**Section 6.05. Application of Revenues and Other Moneys After Default.**

(a) If an Event of Default shall occur and shall not have been remedied, the Trustee shall transfer to the Revenue Fund (i) forthwith, all moneys and securities then held in any other Fund or Account under this Indenture other than amounts held in the Rebate Fund and (ii) as promptly as practicable after receipt thereof, all revenues and other payments or receipts pledged under this Indenture and all proceeds realized as a result of remedial action under the Loan Documents, the General Partner Documents and the Guaranty.

(b) During the continuation of an Event of Default, the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of Trustee Expenses;

(ii) To the payment of the amounts required to reimburse the Owner of the Bond and the Issuer for any reasonable legal or other out-of-pocket costs incurred by them in connection with such remedial action and the reasonable fees and expenses of the Issuer in carrying out this Indenture or the Loan Documents;

(iii) To the payment of the interest and principal installments or redemption price then due and payable on the Bond, as follows:

(A) Unless the principal of all of the Bond shall have become or have been declared due and payable;

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal installments or redemption price of any Bond which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full the Bond due and payable on any date, then to the payment thereof ratably, according to the amounts of principal installments or redemption price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(B) If the principal of the Bond shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bond without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference (except as to any difference as to the respective rates of interest specified in the Bond); and

(iv) Notwithstanding anything contained herein to the contrary, the Trustee shall, at the written direction of the Servicer and upon receipt of acceptable indemnification, apply funds, other than in the manner set forth above (except that the priority of payment of Trustee's fees and expenses shall not be altered), including, without limitation, the application of funds between the principal of or interest on the Bond. Any such direction by the Servicer shall be deemed conclusive, and the Issuer shall have no liability for the tax consequences of said determination.

**Section 6.06. Remedies Vested in Trustee.** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bond may be enforced by the Trustee without the possession of any of the Bond or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name under the authority herein granted without the necessity of joining as plaintiffs or defendants any Owner of the Bond. Any recovery of judgment shall be for the equal benefit of the Owner of the Outstanding Bond

#### **Section 6.07. Individual Bond Owner Action Restricted.**

(a) No Owner of any Bond other than the Trustee (if it is the Owner of the Bond) or the Majority Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust under this Indenture or for any remedy under this Indenture.

-(b) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Owner of the Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date.

**Section 6.08. Termination of Proceedings.** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Owner of the Bond, the Issuer, the Trustee, the Borrower and the Owner of the Bond shall be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the such parties shall continue as if no such proceeding had been taken.

#### **Section 6.09. Waiver and Non-Waiver of Event of Default.**

(a) No delay or omission of the Trustee, the Servicer or the Owner of the Bond to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VI to any party may be exercised from time to time and as often as may be deemed expedient.

(b) In case of any waiver by the Trustee of an Event of Default under this Indenture, the Issuer, the Trustee and the Owner of the Bond shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

**Section 6.10. Trustee Controls Proceedings.** If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, at any time, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture and subject to Section 7.02 of this Indenture; provided, however, that such direction is in accordance with law and the provisions of this Indenture; provided that nothing in this Section 6.10 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper nor shall it impair the Issuer's right to direct the Trustee to the extent permitted by Section 6.02.

**ARTICLE VII**  
**CONCERNING THE TRUSTEE**

**Section 7.01. Trustee; Appointment and Acceptance of Duties.**

(a) The Issuer 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.

(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 Issuer 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 the 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 delivery of a notice of redemption or the payment of principal and interest on the Bond, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own 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 by the Servicer, including foreclosure of the Property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owner of the Bond for purposes of enforcing the rights of the Owner of the Bond; provided, that without the prior written consent of the Issuer, the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights, which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.



(d) The Trustee shall not take any discretionary action under the Loan Documents (although 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 after receipt of said notice.

(f) Upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give telephonic notice, confirmed in writing, to the Borrower, the Issuer, the Owner and former Owner (provided that the Trustee shall not be obligated to maintain records of such former Owner or to retain records relating to such former Owner for more than six years).

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default under the Loan Agreement unless the Trustee shall have received written notice of such default by the Issuer, the Borrower, the Servicer or the Owner of the Bond.

(h) The Trustee is authorized and directed to execute in its capacity as Trustee the Loan Documents to which the Trustee party.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Servicer or a majority (or other percentage provided for herein) in aggregate principal amount of Bond outstanding relating to the exercise of any right, power or remedy available to the Trustee.

(k) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care. The Trustee is not responsible for the actions or omissions of the Servicer.

### **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 Trustee shall not be liable for any action taken or not taken in reliance upon the opinion or advice 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 Issuer to any Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Issuer Representative.

(c) As to the existence or nonexistence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by an Authorized Issuer Representative as sufficient evidence of the facts stated therein as the same appear from the books and records under the City Clerk's or any assistant City Clerk's custody or control or are otherwise known to such officer. The Trustee may accept a certificate of an Authorized Issuer Representative, City Clerk or any assistant City Clerk to the effect that a motion, resolution or ordinance in the form therein set forth has been adopted by the governing body of the Issuer as conclusive evidence that such motion or resolution has been duly adopted, and is in full force and effect, and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

**Section 7.04. Compensation; No Trustee Liens.** The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture.

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

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

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

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

**Section 7.08. Appointment of Successor Trustee; Temporary Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee, with the consent of the Servicer, by an instrument or concurrent instruments in writing signed by the Issuer.

**Section 7.09. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer, Borrower 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 on the written request of the Issuer 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 Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

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

**Section 7.11. Servicer.** The Majority Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the Issuer 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 Majority Owner, by written notice to the Issuer, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner. The Servicer may, with the prior written consent of the Majority Owner, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement. Notwithstanding the foregoing, East West shall be the Servicer until such time as neither the letter of credit issued by East West to Boston Private pursuant to the Construction Disbursement Agreement nor any obligation under any "Credit Document" (as defined in the Construction Disbursement Agreement) is any longer outstanding; shall not be required to enter into any Servicing Agreement; and may be removed as Servicer only pursuant to the terms of the Intercreditor Agreement.

**Section 7.12. Co-Trustee.** At any time or times upon the consent of the Issuer, Servicer and Owner, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power to appoint one or more persons either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 7.12. Every such co-trustee or separate trustee appointed pursuant to the provisions of this Section 7.12 must be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(a) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) all rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee;

(ii) all rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees; provided, however, the Trustee shall remain responsible for exercising all rights and powers, maintaining all trusts and performing all duties and obligations conferred or imposed upon the trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which

event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees;

(iii) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee;

(iv) any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(v) the Trustee at any time, by an instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 7.13. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.13;

(vi) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(vii) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee; and

(viii) any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(b) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, such co-trustee or separate trustee shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

(c) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

**Section 7.13. Bond Registrar.** The Issuer hereby appoints the Trustee as Bond Registrar under this Indenture.

## ARTICLE VIII

### AMENDMENTS AND SUPPLEMENTAL INDENTURES; AMENDMENTS OF ISSUER DOCUMENTS

#### **Section 8.01. Supplemental Indentures Not Requiring Consent of Owner of Bond.**

The Issuer and the Trustee may, without the consent of, or notice to, the Owner of the Bond (but only with the prior written consent of the Servicer, and with notice to the Borrower), enter into one or more Supplemental Indentures for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owner of the Bond or the Trustee, or to make any change which, in the judgment of the Servicer, is not to the prejudice of the Owner of the Bond;
- (c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral; or
- (d) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from gross income of the Owner for purposes of federal income taxation of interest on the Bond.

#### **Section 8.02. Supplemental Indentures Requiring Consent of Owner of Bond.**

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

(b) If at any time the Issuer 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 Issuer following the giving of such notice, the Owner of the Bond at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of the Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or

from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 8.03. Reliance on Opinion of Counsel.** The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the Issuer and the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bond to be includable in gross income of the Owner 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 Bond to the Borrower and the Servicer at least 10 days before the date of its proposed execution and delivery.

**Section 8.05. Amendments of Loan Documents Not Requiring Consent of Owner of Bond.** The Issuer, the Trustee and the Borrower may, without the consent of or notice to the Owner of 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 Owner of Bond.** Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owner of the Bond; provided, however, that nothing in this Section or Section 8.05 hereof shall permit or be construed as permitting without the consent of the Owner of the Bond (a) an extension of the time of the payment of any amounts payable under the Loan Documents, or (b) a reduction in the amount of any payment or in the total amount due under the Loan Documents. If at any time the Issuer, 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 at the time of the execution of any

such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of 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 Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer, 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 Owner of the Bond. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the Issuer Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

## **ARTICLE IX**

### **DISCHARGE**

**Section 9.01. Discharge of Indenture.** If the Issuer shall pay, or there shall otherwise be paid, to the Owner of the Bond the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owner of 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 Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture after the payment of principal or redemption price, if applicable, of or interest on the Bond. Notwithstanding the foregoing, the provisions contained in Sections 2.02(e), 2.02(f), 2.02(g) and 5.08 of this Indenture and the provisions of Sections 5.18(c) and 5.19 of the Loan Agreement shall survive the discharge of the Indenture and 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 in whole or in part 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 up to an amount necessary to pay in full all of the principal of and interest on the Bond through such cancellation and any



other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

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

## **ARTICLE X**

### **MISCELLANEOUS**

#### **Section 10.01. Evidence of Signatures of Bond 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 such Owner in person or by their 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 such Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

**Section 10.02. Bond Not an Obligation of the State or Any Political Subdivision.** THE BOND IS ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, AND IS A LIMITED OBLIGATION OF THE ISSUER. NEITHER THE CITY COUNCIL OF THE ISSUER NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF SUCH BOND OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY BOND OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THIS INDENTURE CONTAINED, AGAINST, THE ISSUER, ANY PAST, PRESENT OR FUTURE MEMBER OF ITS GOVERNING BODY, ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS OR STAFF OR THE OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS OR STAFF OF ANY SUCCESSOR PUBLIC ENTITY, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR PUBLIC ENTITY, UNDER ANY RULE OF LAW OR PENALTY OF OTHERWISE, AND ALL SUCH LIABILITY OF THE ISSUER, ANY MEMBER OF ITS GOVERNING BODY AND ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS AND STAFF IS HEREBY, AND BY THE ACCEPTANCE OF THE BOND, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BOND.

**Section 10.03. Preservation and Inspection of Documents.** All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer,

any other Trustee, and any Owner of the Bond and their agents and their representatives, any of whom may make copies thereof.

**Section 10.04. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond.

**Section 10.05. No Recourse on the Bond.** No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the Mayor, City Council or any of the members, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Issuer's Mayor, the City Council or of any such member, officer, agent or employee, as such, past, present or future of the Issuer by reason of any act or omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Owner as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or the Owner and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the Mayor, the City Council or any officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Mayor of the City Council in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or

personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

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

**Section 10.07. Successors.** Whenever in this Indenture the Issuer is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Issuer under the Act, and all the covenants and agreements contained in this Indenture by or on behalf of the Issuer shall bind and inure to the benefit of 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 Issuer 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 Issuer 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.** This Indenture shall be governed exclusively by the applicable laws of the State.

**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. [Reserved].**

**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. Request and Indemnification.** If any consent or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it, including any fees due pursuant to the Regulatory Agreement.

**Section 10.14. Nondiscrimination and Affirmative Action.** The Trustee shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. Trustee shall not discriminate in its

employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.R.F. Part 60). The Trustee shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Trustee shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Indenture. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 10.15. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the Issuer's Business Tax Ordinance (Article 1, Chapter 2, section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Indenture, the Trustee shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it, subject to any exemption available to it, under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 10.16. Child Support Assignment Orders.** This Indenture is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Trustee certifies that: (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the principal owner(s) of the Trustee are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) it will maintain such compliance throughout the term of this Indenture. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such

failure to the Trustee by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Trustee to obtain compliance of its subcontractors shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. The Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Trustee hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code 7110.

**Section 10.17. Americans with Disabilities Act.** The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the “ADA”). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

ISSUER:

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

MICHAEL N. FEUER  
City Attorney

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

[Issuer signature page to Indenture]

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TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_

Name: Julia Hommel

Title: Vice President

[Trustee signature page to *One Wilkins Place* Indenture]

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Approved this [       ] day of [       ], 2015.

BOSTON PRIVATE BANK & TRUST  
COMPANY, a Massachusetts Trust Company,  
as Owner

By  
Sylvia Bettencourt, Vice President

[Bond Owner signature page to *One Wilkins Place* Indenture]

**EXHIBIT A**  
**FORM OF BOND**

EXCEPT AS EXPRESSLY PROVIDED IN THE INDENTURE THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933 AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

No. R-\_\_\_\_

\$3,025,000

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
  
**CITY OF LOS ANGELES**  
**MULTIFAMILY HOUSING REVENUE BOND**  
**(ONE WILKINS PLACE APARTMENTS),**  
**SERIES 2014F**

Dated Date: \_\_\_\_\_, 2015

Registered Owner: BOSTON PRIVATE BANK & TRUST COMPANY

Maturity Date: [ \_\_\_\_\_ 1, 20 \_\_\_\_ ]

Interest Rate: As stated below

CITY OF LOS ANGELES (the “Issuer”), a charter city and municipal corporation, of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of \$3,025,000, or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bond and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer to

the record Owner of the Bond as the same appears upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is the Bond of the Issuer designated City of Los Angeles Multifamily Housing Revenue Bond (One Wilkins Place Apartments), Series 2014F and issued in the aggregate principal amount of \$3,025,000 (the "Bond") which is issued for the purpose of funding a loan to One Wilkins Place Preservation, L.P., a California limited partnership (the "Borrower"), in order to finance a portion of the costs of the acquisition, rehabilitation and equipping of a 44-unit (plus 1 manager unit) multifamily residential housing project in Los Angeles, California (the "Project"). This Bond is issued pursuant to and in compliance with Section 248, as amended, of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of Los Angeles Administrative Code, as amended (the "Law") and in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") and a resolution of the City Council of the Issuer.

THE BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE HOLDER OF THE BOND WILL PURCHASE THE PRINCIPAL AMOUNT OF THE BOND IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 3.01(b) OF THE INDENTURE. ACCORDINGLY, THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED BY THE HOLDER AND IS OUTSTANDING AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THE BOND AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THE BOND IN ACCORDANCE WITH THE TERMS OF SECTION 3.01(b) OF THE INDENTURE, THE TRUSTEE WILL NOTE ON A LOG MAINTAINED BY THE TRUSTEE FOR SUCH PURPOSE THE PRINCIPAL AMOUNT OF THE BOND SO PURCHASED, THE DATE OF SUCH PURPOSE AND THE IDENTITY OF SUCH PURCHASER. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED AND IS OUTSTANDING. IF PRESENTED TO THE TRUSTEE BY THE HOLDER OF THIS BOND, THE PRINCIPAL AMOUNT OF THE BOND PURCHASED BY THE OWNER OF THIS BOND WILL BE NOTED BY THE TRUSTEE ON SCHEDULE A ATTACHED TO THIS BOND.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of January 1, 2015 between the Issuer and the Trustee (as amended and supplemented from time to time, the "Indenture"), the Law and the Act (as such terms are defined in the Indenture). Reference is made to the Indenture, the Law and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bond issued under the Indenture is expressly limited to \$3,025,000 in aggregate principal

amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the “Loan Agreement”) and that Promissory Note dated as of January 1, 2015, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bond.

THE OBLIGATIONS OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (i) THE PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT BY THE BORROWER, AND THE SECURITY THEREFOR PROVIDED BY THE MORTGAGE (AS THAT TERM IS DEFINED IN THE INDENTURE) AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (ii) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

THIS BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE REVENUES AND PROPERTY PLEDGED THEREFOR IN THE INDENTURE, AND NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THIS BOND, SHALL BE LIABLE PERSONALLY ON THIS BOND OR FOR ANY REASON RELATING TO THE ISSUANCE OF THIS BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND, OR FOR ANY CLAIM BASED ON THIS BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THIS BOND, EXPRESSLY WAIVED AND RELEASED.

**Interest Rates.** This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. Interest on this Bond shall be computed on the basis of a 360-day year, for the number of days actually elapsed.

*“Reset Variable Rate”* means a variable rate of interest equal to 65% of LIBOR plus 930 basis points effective from and after the 16th anniversary of the Conversion Date.

*“Term Variable Rate”* means a variable rate of interest equal to 65% of one-month LIBOR plus 230 basis points effective from and after the Conversion Date to the 16<sup>th</sup> anniversary of the Conversion Date.

*“Variable Rate”* means a variable rate of interest equal to 80% of the Federal Home Loan Bank Classic Advance 1 Month Regular Advance Rate that is current two days prior to the Interest Payment Date, plus 150 basis points for the for the Bond from the Closing Date to the Conversion Date.

**Alternative Rate; Taxable Rate.** Following the occurrence of an Event of Default under the Loan Agreement, the Bond shall bear interest at the Alternative Rate, as that term is defined in the Indenture. If a Determination of Taxability occurs with respect to the Bond, this Bond shall bear interest from the date of the Determination of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest, as provided in the Indenture.

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

**Registration and Transfer.** THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond is issuable as a fully registered Bond in an Authorized Denomination as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

**Redemption of Bond.** This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

**Enforcement.** Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

**Discharge.** The Indenture prescribes the manner in which it may be discharged and after which the Bond shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of the Bond and of such payment.

**Modifications.** Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

[Signature page to follow]

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, including the Law and the Act.

The Issuer has caused this Bond to be duly executed in its name by the facsimile signature of its Mayor under its official seal, or a facsimile, and attested by the facsimile signature of its City Treasurer all as of the above Dated Date.

CITY OF LOS ANGELES

By \_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Treasurer

(SEAL)

## FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

Date of Authentication: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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



**FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Transferee

\_\_\_\_\_  
Signature Guaranteed by

\_\_\_\_\_  
Name of Bank

By \_\_\_\_\_

Title \_\_\_\_\_

**SCHEDULE A**

**\$3,025,000**

**CITY OF LOS ANGELES  
MULTIFAMILY HOUSING REVENUE BOND  
(ONE WILKINS PLACE APARTMENTS),  
SERIES 2014F**

**Draw-Down Purchases**

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

**Date of  
Draw-Down**

**Name of  
Registered Owner**

**Principal  
Amount**

**Signature of  
Bond Registrar**

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**EXHIBIT B**  
**FORM OF INVESTOR LETTER**

\_\_\_\_\_, 20

City of Los Angeles  
Los Angeles, California  
Attention: Yaneli Ruiz

U.S. Bank National Association  
Los Angeles, California

Kutak Rock LLP  
Los Angeles, California

Re: City of Los Angeles Multifamily Housing Revenue Bond (One Wilkins Place Apartments), Series 2014D

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-referenced bond (the “Bond”) issued pursuant to that certain Indenture of Trust, dated as of January 1, 2015 (the “Indenture”), between the City of Los Angeles (the “Issuer”) 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 One Wilkins Place Apartments and the revenues therefrom, and will be sold to the Investor in reliance 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 Documents. 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 Issuer, by each employee of the Issuer, by each member of the City Council of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bond and the Investor’s purchase of the Bond. The Investor recognizes and agrees that the Issuer, each employee of the Issuer, each member of the City Council of the Issuer, counsel to the Issuer, 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 Issuer, the Borrower, the Project and the terms of the Bond.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Issuer 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 in whole (but not in part), at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “1933 Act”), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture, including the prior written consent of the Issuer (except as may be permitted by the Indenture). The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement.

7. The Investor is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 (“Rule 144A”) and it understands that the Bond may be offered, resold, pledged or transferred only to a person who is a “qualified institutional buyer,” as defined in Rule 144A (“QIBs”), in compliance with 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 consent of the Issuer referenced in Section 6 above and the Indenture.

9. Neither the Trustee, the Bond Counsel to the Issuer, the Issuer, 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 Purchaser from any source regarding the Project, the Issuer, 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, (b) the Offering Information and any additional information specifically requested from the Issuer 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 Issuer, 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 Issuer, payable solely from amounts provided by or at the direction of the Borrower, and are not obligations payable from the general revenues or other funds of the Issuer, the State of California or any other political subdivision of the State of California. The Investor acknowledges that the Issuer 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 undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to make the certifications, representations and warranties contained herein.

13. 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.

14. The Investor acknowledges that no offering document has been produced in connection with the issuance or sale of the Bond.

15. The Investor agrees to indemnify and hold harmless the Issuer, the Issuer's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Issuer past, present and future and the Trustee 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.

[Remainder of page left intentionally blank]

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Very truly yours,

BOSTON PRIVATE BANK & TRUST  
COMPANY, as Purchaser

By  
Sylvia Bettencourt, Vice President

Dated:                      , 2015

**EXHIBIT C**

\$3,025,000  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(One Wilkins Place Apartments),  
Series 2014F

**REDEMPTION SCHEDULE**

<b>Date of Redemption</b>	<b>Amount of Redemption</b>
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## EXHIBIT D

### FORM OF REQUISITION CERTIFICATE (PROJECT FUND)

Date: \_\_\_\_\_,

#### REQUISITION CERTIFICATE

TO: U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE UNDER THAT INDENTURE OF TRUST DATED AS OF JANUARY 1, 2015 BETWEEN CITY OF LOS ANGELES AND THE TRUSTEE (THE "INDENTURE").

ONE WILKINS PLACE PRESERVATION, L.P., a California limited partnership (the "Borrower"), hereby requests that the following amounts be paid from the [Loan Account/Equity Account of the] Project Fund consisting of \$\_\_\_\_\_ [proceeds of the Bond] (as defined in the Indenture) for payment to the following payees for the following purposes:

Amount	Payee and Address	Purpose
\$		

The Borrower hereby certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Project and are presently due and payable and that each item thereof is a proper charge against the Project Fund and has not been the subject of a previous withdrawal from the Project Fund;

(b) to the best of the undersigned's knowledge there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation;

(c)(i) obligations as stated on the requisition have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition is vested in the Borrower;

(e) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Regulatory Agreement;

(f) such disbursement when added to all other disbursements made to date from proceeds of the Bond results in at least 95% of the proceeds of the Bond, including investment earnings, having been used for Qualified Project Costs; and

(g) all representations and warranties of the Borrower contained in the Loan Agreement are on the date hereof true and accurate.

Requested this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**ONE WILKINS PLACE  
PRESERVATION, L.P.**, a California  
limited partnership

By: Concerned Citizens of South  
Central Los Angeles, a California  
nonprofit public benefit  
corporation, its General Partner

By:-  
Name: Noreen McClendon  
Title: Executive Director

Approved this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**EAST WEST BANK,**  
as Servicer

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

For Issuer consent requirements, see Section 5.02(b) of the Indenture.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**CITY OF LOS ANGELES**, as Issuer

By \_\_\_\_\_  
Authorized Officer

[Issuer signature page to Requisition Certificate]

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**TRUST INDENTURE**

between

**CITY OF LOS ANGELES,**  
as Issuer

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

relating to

[\$[4,000,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Figueroa Senior Housing Apartments),  
Series 2014H

Dated as of [September ] 1, 2014

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## TRUST INDENTURE

**THIS TRUST INDENTURE** (this “Indenture”) is dated as of [September] 1, 2014 by and between the **CITY OF LOS ANGELES**, a charter city and municipal corporation, organized and existing under the laws of the State of California (the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under and by virtue of the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”).

### WITNESSETH:

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

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments, and intended to be occupied in part by persons of low and moderate income, as determined by the Issuer; (b) to issue its Revenue Bond 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 Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on January 14, 2014, the Issuer indicated its intent to provide for the issuance of a revenue bond to finance a portion of the acquisition, rehabilitation and equipping of Figueroa Senior Housing Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 5503 South Figueroa Street (the “Project”) and the Issuer’s City Council subsequently adopted a resolution (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer deems it desirable and in keeping with its purposes to issue its Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments), Series 2014H in the aggregate principal amount of [\$4,000,000] (the “Bond”) in order to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) among the Issuer, the Trustee and Figueroa Senior Housing Preservation, L.P. (the “Borrower”), the Issuer has agreed to issue the Bond and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, rehabilitation and equipping of the Project, (ii) make



payments sufficient to pay the principal of and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note (the “Note”) dated as of even date herewith in an original principal amount equal to the aggregate original 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 Issuer 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 (i) 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”), (ii) an Assignment of Deed of Trust and Related Documents (as amended, modified or supplements from time to time, the “Assignment of Mortgage”) and (iii) an Assignment of Contracts, Plans and Specifications (as amended, modified or supplemented from time to time, the “Assignment of Project Documents”), each dated as of even date with this Indenture, for the benefit of the Issuer, as secured party;

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

## GRANTING CLAUSES

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

- (a) All right, title and interest of the Issuer in and to the Note, the Mortgage, the Assignment of Mortgage, the Assignment of Project Documents 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 Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Reserved Rights); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Code; 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;

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

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

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**Section 1.01. Definitions.** The following capitalized terms, as used in this Indenture, shall have the meanings specified below unless the context otherwise shall require. All other capitalized terms which are defined in the Loan Agreement 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”* means Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as supplemented and amended to the Closing Date.

*“Additional Interest”* means an amount equal to the excess of (i) the amount of interest an Owner would have received during the period of time commencing on the date that the interest on the Bond, becomes subject to federal income taxation to the earlier of the date of the payment of the Bond or the date of a Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for said period.

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

*“Alternative Rate”* means the lower of (i) 5% in excess of the rate of interest payable on the Bond or (ii) 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 Attesting Officer”* means the City Treasurer, Deputy City Treasurer or Interim City Treasurer of the Issuer, or such other officer or official of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

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

*“Authorized Issuer Representative”* shall mean the Mayor or the General Manager, any Interim General Manager, any Assistant General Manager, any Acting General Manager or any Interim Assistant General Manager, the Executive Officer or the Director or Acting Director, Finance and Development Division of the Los Angeles Housing and Community Investment Department, and any other officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer by a written certificate furnished to the Trustee, which certificate is signed by the Mayor or the General Manager or any Acting General Manager or any Interim General Manager or any Assistant General Manager or Interim Assistant General Manager, the Executive Officer or Director, or Acting Director, Finance and Development Division of the Los Angeles Housing and Community Investment Department and contains the specimen signature of such other officer or employee of the Issuer.

*“Authorized Representative”* means, (i) with respect to the Issuer, any Authorized Issuer Representative; (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower and (iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its authorized officer. 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.

*“BlueGreen Guarantor”* means until the Conversion Date, BlueGreen Preservation and Development Company LLC, a California limited liability company.

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

*“Bond Counsel”* means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer and the Servicer.

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

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

*“Borrower’s Tax Certificate”* means collectively: (i) the Tax Certificate; and (ii) the Borrower Cost Certificate dated the Closing Date in which the Borrower certifies various facts relating to the Project which bear on the exclusion of interest on the Bond from gross income for purposes of federal income taxation.

“*Boston Private*” means Boston Private Bank & Trust Company, a Massachusetts trust company.

“*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 Los Angeles, California, or any city where the corporate trust office of the Trustee is located, are required or authorized by law to remain 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.

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

[“*CCSCLA Guarantor*” means Concerned Citizens of South Central Los Angeles, a California nonprofit public benefit corporation.]

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

“*Code*” means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

“*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.

“*Conditions to Conversion*” is defined in the Intercreditor Agreement.

“*Construction Disbursement Agreement*” means the Reimbursement Agreement dated as of even date with this Indenture, between the Borrower and East West, as the same may be supplemented, amended or modified.

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

“*Conversion*” means the conversion of the Loan from the construction to permanent phase following satisfaction of the Conditions to Conversion.

“*Conversion Date*” means the date designated as the “Conversion Date” in a notice from the Owner and the Servicer to the Trustee upon satisfaction, or waiver as applicable, of the Conditions to Conversion.

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

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

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

“*Determination of Taxability*” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) 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 interest for a 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, unless the sole cause for such Determination of Taxability is the result of a merger, reorganization or other corporate restructuring of the Owner or a change in applicable federal or state income tax laws; provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (b) 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.

“*East West*” means, East West Bank, a California banking corporation.

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

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

“*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.

*“Intercreditor Agreement”* means the Intercreditor Agreement dated as of the date of this Indenture entered into among Borrower, Boston Private and East West.

*“Interest Payment Date”* means the first day of each month commencing with the month following the month in which the Closing Date occurs.

*“Interest Rate Cap Contract”* means any interest rate cap or other hedge agreement procured by the Borrower for the benefit of the Trustee or the Majority Owner pursuant to the Reimbursement Agreement.

*“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 depositary, 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, California, 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 two highest letter rating categories of S&P or Moody's or whose unsecured and uncollateralized short-term debt obligations are rated in 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 which are rated in the two highest rating categories of S&P or Moody's 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’s Letter*” means a letter in the form of Exhibit B to this Indenture executed by the initial Owner and any subsequent transferee of the Bond.

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

“*Issuer Documents*” means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

“*Issuer’s Ongoing Fee*” shall mean the annual fee of the Issuer 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.

“*Law*” means Section 248 of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as supplemented and amended to the Closing Date.

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

“*LIBOR*” means the London Interbank Offer Rate as published from time-to-time in *The Wall Street Journal* on the first day of each month (or if such day is not a Business Day, on the immediately preceding Business Day).

“*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 Issuer, the Trustee and the Borrower, as the same may be supplemented, amended or modified.

“*Loan Documents*” means, collectively, the Loan Agreement, the Note, the Regulatory Agreement, the Mortgage, the Reimbursement Agreement, the Assignment of Mortgage, the Assignment of Project Documents, the Environmental Indemnity, the Guaranty, the Tax Certificate, any Interest Rate Cap Contract and, upon delivery thereof, the Servicing Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower’s indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

“*Majority Owner*” means the Person who owns at least 51% in aggregate principal amount of the Outstanding Bond, or the person who is designated in writing to exercise the

powers of “Servicer” and “Majority Owner” hereunder by a Person who owns at least 51% in aggregate principal amount of the Outstanding Bond.

“Maturity Date” means {[\_\_\_\_\_, 20\_\_].

“*Maximum Rate*” means the lesser of (i) 12% per annum or (ii) the maximum rate allowed by applicable law, if any.

“*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 Issuer, 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, with respect to the Issuer, Los Angeles Housing and Community Investment Department, 8th Floor, 1200 West 7th Street, Los Angeles, California 90017, Attention: Supervisor, Affordable Housing Bond Program with a copy to Los Angeles Housing and Community Investment Department, P.O. Box 532729, Los Angeles, California 90053-2729, Attention: Supervisor, Affordable Housing Bond Program and with a copy to Kutak Rock, 1650 Farnam Street, the Omaha Building, Omaha, Nebraska, 68102, Attention: J. Toger Swanson, Esq.; with respect to the Borrower, [\_\_\_\_\_, Attention: [\_\_\_\_\_, with a copy to Hobson, Bernardino & Davis, LLP, 725 South Figueroa Street, Suite 3230, Los Angeles, CA 90017, Attention: Jason A. Hobson, Esq. and to [WNC Institutional Tax Credit Fund X California Series 12, L.P.] c/o WNC & Associates, Inc., 17782 Sky Park Circle, Irvine, CA 92614-6404 Attention: Michael J. Gaber; with respect to the Majority Owner, Boston Private Bank & Trust Company, 1520 Broadway, Santa Monica, CA 90401, Attention: Rufus Phillips, with a copy to Buchalter Nemer, PC, Suite 1700, 55 2nd Street, San Francisco, California, 94105 Attention: Sarah C. Perez, Esq.; with respect to the Trustee, U.S. Bank National Association, 633 West 5th Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services; with respect to East West, 135 N. Los Robles, Avenue, 2nd Floor, Pasadena, California 91101, Attention: Linda Morgan, with a copy to Nevers Palazzo, Packard, Wildermuth & Wynner, 31248 Oak Crest Drive, Suite 100, Westlake Village, California 91361, Attention: Carlisle Packard, and with respect to any other future lender or Majority 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.

“*Owner*” means the registered owner of the Bond.

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

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

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

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

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

“*Qualified Buyer*” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

“*Qualified Project Costs*” shall have the meaning contained in the Regulatory Agreement.

“*Rebate Analyst*” or “*Arbitrage Analyst*” means any Person, chosen by the Borrower and at the expense of the Borrower and acceptable to the Issuer, 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 [September] 1, 2014, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“*Requisition*” means a requisition in the form of Exhibit D attached hereto, required for the making of an advance from the Loan Account, the Equity Account of the Project Fund.

*“Reserved Rights”* means rights of the Issuer, its members, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to enforce and receive payments of money directly and for its own purposes under Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(l), 3.02(b), 3.02(d), 3.02(e), 5.03, 5.06, 5.13, 5.14, 5.19, 5.21, 6.03(a)(ii), 7.04 and 7.08 (as it relates to the Issuer) of the Loan Agreement, the Issuer’s rights to indemnification, to receive notices and the right to enforce such rights, including the Issuer’s rights under and relating to the enforcement of the Regulatory Agreement, to receive its fees, expenses and indemnities due under the Loan Agreement and Regulatory Agreement, to receive the Rebate Amount under the Loan Agreement, its rights of access, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture.

*“Resolution”* means the resolution of the Issuer adopted on July 1, 2014, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bond and the performance of its obligations thereunder.

*“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 that no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

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

*“S&P”* means Standard & Poor’s Ratings Services, 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 Issuer, with the consent of the Borrower and the Servicer.

*“Special Reserve Account”* has the meaning set forth in the Loan Agreement.

*“State”* means the State of California.

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

*“Taxable Rate”* means a rate of interest equal to the difference between the applicable Bond interest rate and interest calculated at the Majority Owner’s taxable rate for bonds similar

to the Bond, to be determined in Majority Owner's sole and absolute discretion, for the remainder of the term, but in no case exceeding the Maximum Rate.

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

*"Term Variable Rate"* means, following the Conversion Date, a variable rate of interest equal to 65% of one-month LIBOR that is current on the first calendar day of each month, plus 230 basis points for the Bond.

*"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.

*"Trust Estate"* means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

*"Trustee Intercreditor Agreement"* means the Intercreditor Agreement dated as of the date of this Indenture entered into among Issuer, the Trustee and East West.

*"Variable Rate"* means, prior to the Conversion Date, a variable rate of interest equal to 80% of the Federal Home Loan Bank Classic Advance 1 Month Regular Advance Rate that is current on the first calendar day of each month, plus 150 basis points for the Bond.

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

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

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

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

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

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

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

## **ARTICLE II**

### **REPRESENTATIONS AND COVENANTS OF THE ISSUER**

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

(a) The Issuer is a charter city and municipal corporation in the State, duly organized, validly existing and in good standing under the Act and the laws of the State.

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

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

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

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

(a) The Issuer 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 Issuer will do, 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 Issuer Documents and the Bond.

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

(d) The Issuer will not knowingly take or permit actions within its control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect, the excludability of interest on the Bond from gross income for federal income tax purposes.

(e) The Loan Agreement sets forth covenants and obligations of the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate, at the Borrower's expense, in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee and the Servicer may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Loan Agreement in their respective names and on behalf of the Owner, whether or not the Issuer has undertaken to enforce such rights and obligations.

(f) The Issuer acknowledges that it has assigned its interest in and to the Mortgage and the Note to the Trustee under this Indenture and that such instrument further secures payment of the Loan, interest thereon and amounts due under certain other Loan Documents, and reference is hereby made to the same for a detailed statement of the obligations of the parties thereto.

(g) Subject to the terms of this Indenture and of the Mortgage and the Regulatory Agreement, until the occurrence of an Event of Default under the Loan Agreement, the Borrower shall be permitted to possess, use and enjoy the Mortgaged Property and to receive and use the issues and profits of the Mortgaged Property.

(h) The Issuer will comply with the requirements of the Tax Certificate.

### **ARTICLE III**

#### **AUTHORIZATION AND ISSUANCE OF BOND**

##### **Section 3.01. Authorization of Bond.**

(a) There is hereby authorized, established and created an issue of a Bond of the Issuer to be known and designated as the "City of Los Angeles Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments), Series 2014H" in the original aggregate principal amount of \$[4,000,000]. 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, at par. [The initial installment for the purchase of the Bond shall be in the amount of \$[\_\_\_\_\_] [at least \$50,001]] 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 the payment of the purchase price of the Bond by the Owner in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by any 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 applicable 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) the original executed Note, and executed original counterparts of this Indenture, the other Issuer Documents and the Loan Documents;
- (b) written confirmation from the Servicer or its counsel that the conditions to delivery of the letter of credit to be issued by East West to Boston Private contained in the Construction Disbursement Agreement have been satisfied or waived by Servicer;
- (c) written confirmation from the Majority Owner or its counsel that all underwriting conditions of the Majority Owner have been satisfied or waived by the Majority Owner;
- (d) a certified copy of the Resolution;



(e) evidence of: (i) the payment of the initial installment of the purchase price of the Bond; and (ii) deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;

(f) an opinion of Bond Counsel substantially to the effect that the Bond constitutes a legal, valid and binding obligation of the Issuer and that under existing statutes, regulations, rulings and court decisions, the interest on the Bond is not 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 federal income tax purposes;

(g) an original Investor Letter executed by the initial purchaser(s) of the Bond, in substantially the applicable form set forth in Exhibit B hereto;

(h) the opinion of counsel to the Borrower in the form required by the Issuer and counsel to the Owner, addressed to the Issuer, the Trustee and the Owner;

(i) receipt by the Trustee of the initial deposits to this Indenture as described in Section 5.01(c) hereof; and

(j) any other documents or opinions which the Issuer or Bond Counsel may reasonably require.

**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 a Bond is mutilated, lost, stolen or destroyed, the Issuer 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 a Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of a Bond and of the ownership thereof. Upon the issuance of a 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 Issuer and the Trustee. In case a Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

**Section 3.05. Terms of Bond—General.**

(a) **Registration; Denomination.** The Bond shall be issuable initially in the Authorized Denomination as specified by the initial Owner. Thereafter, the Bond shall

be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. 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 and of principal upon redemption pursuant to Section 4.01(f) hereof shall be mailed by first-class mail to the Owner of the Bond at its address appearing on the records of the Trustee; provided, however, that the payment to the Servicer shall, upon written request of the 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 Sections 4.01(d) and (e) hereof) of a 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 Majority Owner shall, at the request of the Majority Owner, be made by wire transfer to the Majority Owner without the requirement of surrender of such Bond under any circumstances.

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

(a) ***General.*** The Outstanding principal amount of the Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. Interest on the Bond shall be computed on the basis of a 360-day year, for the number of days actually elapsed.

(b) ***Variable Rate.*** From the Closing Date to the Conversion Date, the Bond shall bear interest at the Variable Rate. The Servicer shall determine the Variable Rate for the Bond on the first day of each month following the Closing Date. 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. Absent manifest error, the determination of the Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. From and after the Conversion Date, the Bond shall bear interest at the Term Variable Rate. The Servicer shall determine the Term Variable Rate for the Bond on the first day of each month following the Conversion Date. 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. Absent manifest error, the determination of the Term Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee.

(c) [Reserved].

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

(e) **Taxable Rate.** If an Initial Notification of Taxability shall occur, the Bond shall bear interest from the date of such Initial Notification of Taxability at the Taxable Rate. If such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability has not occurred, then the Bond shall bear interest from the date of such reversal at the rate applicable to the Bond prior to the Initial Notification of Taxability and the Owner shall refund to the Borrower on or prior to the next succeeding Bond Payment Date, the excess interest previously paid. This provision shall survive the discharge of this Indenture.

(f) **Additional Interest and Taxes, Penalties and Assessments.** The Owner of the Bond shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Fund pursuant to the provisions of Section 3.02(b) of the Loan Agreement and all taxes, penalties and assessments charged the Owner in respect of federal, state or local taxes paid by the Owner resulting from inclusion of interest on the Bond in the gross income of the Owner.

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

(h) **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.**

(a) Interest on the Bond shall be payable in the following manner: commencing the first day of the first month after the month in which the Closing Date occurs and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bond at the applicable interest rate shall be due and payable in arrears.

(b) Commencing on the first day of the first month after the month in which Conversion occurs and continuing on each first day of the month thereafter principal

and interest payments based on a 35-year amortization schedule shall be due and payable in arrears; and all accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier.

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

(a) The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and the Authorized Attesting Officer and attested by the manual or facsimile signature of its Authorized Attesting Officer under the official seal, or a facsimile of the seal, of the Issuer (whether affixed, imprinted, impressed, engraved or otherwise reproduced). Any facsimile signatures shall have the same force and effect as if the Mayor and the Authorized Attesting Officer had manually signed and attested the Bond. In case any officer whose signature or a facsimile of whose 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 as if such officer had remained in office until delivery. Any reproduction of the official seal of the Issuer on any Bond shall have the same force and effect as if the official seal of the Issuer had been manually impressed on such Bond.

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

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

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

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

maintenance of the books of registration. The Issuer may appoint a successor registrar upon notice by mail to the Trustee and the Owner of the Bond.

(b) Upon a partial redemption of the Bond, the Issuer shall execute and the Trustee shall authenticate and deliver new certificates representing the unredeemed portion of the Bond to be so redeemed in part, in exchange for the certificates representing the Bond to be so redeemed in part. Surrender of the Bond for execution, authentication and delivery of a new certificate shall not be a precondition to the redemption of the Bond pursuant to Section 4.01(f) hereof.

(c) Upon surrender of the Bond at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bond may, following compliance with the requirements of this Section 3.09, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bond in Authorized Denominations.

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

(e) The Bond shall be transferred upon presentation and surrender thereof at the Principal Office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. Any Bond surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of a Bond, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for a transfer of the Bond to East West (which transfer may occur on any Business Day), 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 the 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.

(f) Except for the transfer of the Bond to any subsidiary of Boston Private (or any successor to Boston Private, whether by merger, acquisition of assets or otherwise) the Bond may be transferred, only in whole (unless otherwise approved in writing by the Issuer, which approval may be withheld in its sole and absolute discretion), to a new Bondholder only upon receipt by the Bond Registrar, the Issuer and the Trustee of an Investor Letter and only with the prior written consent of the Issuer (except that any transfer of the Bond to East West shall not require the consent of

the Issuer). The Trustee shall be entitled to rely, without any further inquiry, on any Investor Letter delivered to it and shall be fully protected in registering any transfer or exchange of the Bond in reliance on any such Investor Letter which appears on its face to be correct and of which the Trustee has no actual knowledge otherwise. Any such Holder desiring to effect such transfer shall agree to indemnify the Issuer, its official, officer, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the Issuer's governing board and Trustee from and against any and all liability, cost or expense (including attorneys' fees) that may result if the transfer of the Bond is not exempt from the registration requirements of the Securities Act of 1933, as amended, or is not made in accordance with federal and state laws. The Owner shall execute and deliver such Investor Letter in connection with its initial purchase of the Bond. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer as provided in the Bond form attached hereto as Exhibit A.

**Section 3.10. Ownership of Bond.** The Issuer, the Trustee and any other Person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be affected by any notice to the contrary.

**Section 3.11. Payments on Bond Due on Non-Business Days.** In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bond 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 notice can be given in accordance with this Indenture after the Conversion Date to the extent of excess funds on deposit on such date in the Loan Account of the Project Fund, determined as provided in Section 5.03 of this Indenture;
- (b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are received 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 adversely affect the exclusion of interest on the Bond from gross income of the Owner for federal income tax purposes;

(c) 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 the Borrower's failure to give written notice to the Trustee within 15 days of a Determination of Taxability that the Bond will thereafter bear interest at the Taxable Rate) at a redemption price equal to the principal amount thereof, plus accrued interest thereon and Additional Interest;

(d) in part on the Conversion Date, in the amount directed in writing to the Trustee by the Servicer pursuant to the Construction Disbursement Agreement;

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

(f) in whole, on any date following receipt by the Trustee of written 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; or

(g) in whole on any date, following receipt by the Trustee of written notice from the Owner stating that East West has failed to honor a properly presented drawing under the "Letter of Credit" or that the issuer of a "Confirming Letter of Credit" (as both such terms are defined in the Intercreditor Agreement) has failed to honor a properly presented drawing under its Confirming Letter of Credit..

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

**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, but not in part, at any time, 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.** (a) 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 the 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. A Bond so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

(b) Notwithstanding Section 4.04(a), if the Servicer and the Owner certify in writing to the Trustee that East West has paid to Owner the principal amount of the Outstanding Bond and all accrued interest thereon, East West (and not Borrower) shall be deemed to have purchased the Bond in lieu of redemption on the terms and with the same rights set forth in Section 4.04(a).

#### **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 Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owner for a redemption pursuant to Section 4.01(e) of this Indenture, and no notice of redemption shall be required to be given to the Owner in any event for a redemption pursuant to Section 4.01(f) of this Indenture. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owner shall not affect the validity of the proceedings for the redemption of the Bond.

(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, if required, at the place specified in such notice, such Bond or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bond shall cease to bear interest and (ii) such Bond shall no longer be considered as Outstanding under this Indenture.

#### **Section 4.06. [Reserved].**

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

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of



the principal amount of the Bond so surrendered, a Bond, at the option of such Owner, of any Authorized Denomination of like tenor, however, that such surrender of Bond shall not be required for payment of the redemption price pursuant to Section 4.01(e) or 4.01(f) hereof. A Bond so presented and surrendered shall be canceled in accordance with this Indenture.

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

## **ARTICLE V**

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

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

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

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

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

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

(i) \$[\_\_\_\_\_], representing a portion of the initial installment of the proceeds of the sale of the Bond, shall be deposited in the Loan Account of the Project Fund;

(ii) \$[\_\_\_\_\_], representing the proceeds of the sale of the Bond [and the initial equity contribution of the Borrower] shall be deposited in the Capitalized Interest Account;

(iii) \$[\_\_\_\_\_], representing a portion of the initial equity contribution of the Borrower [and \$[\_\_\_\_\_], representing a portion of the initial installment of the proceeds of the sale of the Bond, for a total of \$[\_\_\_\_\_]] shall be deposited in the Costs of Issuance Account of the Project Fund; and

(iv) \$[\_\_\_\_\_], representing the balance of the initial equity contribution of the Borrower 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 further funded from time to time as and when installments of the purchase price of the Bond are paid by the Owner pursuant to Section 3.01(b) hereof. 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. Subject to the Intercreditor Agreement and the Trustee Intercreditor Agreement, 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 Issuer, 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 and Equity Account.*** The Trustee shall make payments from the Loan Account for the purpose of paying the Qualified Project Costs. The Trustee shall make payments from the Equity Account to pay (A) all

costs of acquisition, rehabilitation and equipping of the Project other than Qualified Project Costs and (B) to the extent amounts on deposit in the Loan Account are insufficient for such purposes, all Qualified Project Costs. Disbursements from the Loan Account and the Equity Account shall be made by the Trustee upon receipt of a Requisition, executed by an Authorized Representative of the Borrower and approved by an authorized representative of the Servicer and the Issuer. The Issuer agrees, however, that if the Issuer has not objected in writing to any disbursement within 10 Business Days of receipt of a request for approval of such disbursement, the Issuer shall be deemed to have approved such disbursement. Furthermore, if the Issuer and the Servicer disagree as to whether a particular disbursement shall be approved or disapproved, they shall meet and confer in good faith, upon the request of either of them in an effort to resolve the matter, which meeting may be by telephonic or electronic means, or may be at a personal meeting. If they fail to agree upon the approval or disapproval of a disbursement following such good faith efforts, the Servicer can approve the disbursement and pay it from the proceeds of the Bond. Upon Servicer's written notice to the Trustee that an Event of Default has occurred under the Construction Disbursement Agreement and so long as such Event of Default shall continue, the Trustee shall accept and pay Requisitions without a signature of the Borrower. The representations in any Requisition submitted by Servicer only may be qualified as to Servicer's knowledge.

(ii) *Capitalized Interest.* On the last Business Day immediately preceding each Interest Payment Date up to and including the Conversion Date, the Trustee shall transfer funds from: (A) the Loan Account to the Revenue Fund to pay accrued interest on the Bond through the date immediately preceding such Interest Payment Date; (B) if no amount remain in the Loan Account, 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; and (C) from the Capitalized Interest Account to pay to East West letter of credit fees incurred by the Borrower pursuant to the Construction Disbursement Agreement, as directed by the Servicer to the Trustee in writing, without in any case, any requirement or condition of submission of any Requisition. After the Conversion Date, amounts held in the Capitalized Interest Account shall be: (A) applied to pay Qualified Project Costs pursuant to a completed Requisition; (B) transferred to the Revenue Fund for application to the payment of amounts due in respect of the Bond; or (iii) as further provided in Section 5.03 hereof, released to the Borrower, in each case upon the written direction of the Servicer to the Trustee (a copy of which shall be provided to the Borrower).

(iii) *Costs of Issuance Account.* Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay costs of issuance of the Bond pursuant to a closing statement signed by the Borrower and the Servicer identifying the amount to be paid and the payee upon the Trustee's receipt of an invoice therefor. 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 60 days following the Closing Date, shall be transferred to the Equity Account of the Project Fund.

(iv) *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.

(v) *Acceleration.* Upon the occurrence and continuation of an Event of Default under the Loan Agreement and an acceleration of the Bond pursuant thereto, all moneys and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bond.

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

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

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

(a) Subject to the Intercreditor Agreement and Trustee Intercreditor Agreement, 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 Bond in accordance with Section 4.01(b) hereof, or (ii) released to the Borrower if the Borrower obtains an opinion of Bond Counsel that such release will not adversely affect the excludability of the interest on the Bond from gross income of the Owner for federal income tax purposes, all in accordance with written instructions of the Servicer.

**Section 5.05. Intentionally Omitted.**

**Section 5.06. Intentionally Omitted**

**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 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 5.10).

(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, and any Additional Interest due with respect to, the Bond;

(iii) on the first day of each month, to the payment of the fees of the Servicer, if any, and on the first day of each [\_\_\_\_\_] and [\_\_\_\_\_] to payment of the fees of the Issuer and the Trustee, each as 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 Issuer and the Trustee and the payment of any amounts payable to the United States, any amounts remaining in the Revenue Fund 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 Issuer, the Borrower or the Owner shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate.

(b) The Trustee shall make information regarding the Bond and the investments hereunder available to the Borrower promptly upon written request, shall make deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Authorized Representative of the Borrower, shall invest moneys in the Rebate Fund pursuant to 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) Pursuant to the Tax Certificate and upon written direction of the Rebate Analyst, the Trustee shall remit all rebate installments and a final rebate payment to the United States of America pursuant to the final report of the Arbitrage Analyst; provided, however, 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 Issuer 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 all 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) The Borrower shall provide the Trustee with a copy 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 Issuer and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) 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 Issuer, 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 Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) 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.

**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, 5.03 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.07 hereof. Earnings on investments held in the Rebate Fund shall be retained therein.

**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 by the Trustee 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 Issuer 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, if requested in writing by the Issuer, with the Issuer, a statement setting forth in respect to the preceding calendar month or year:

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

The Issuer acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of securities transactions as they occur, the Issuer specifically waives the right to receive such confirmations. Upon the written request of any Owner of the Bond, 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.

**Section 5.14. Issuer's Fees.** The Issuer shall be paid the fees described in the Regulatory Agreement, including, but not limited to, Sections 7(n) and (o) thereof. To the extent not paid from the Revenue Fund, the Trustee shall collect such Issuer's fees, including the Issuer's Ongoing Fee, from the Borrower when due from the Borrower and remit them to the Issuer at the times specified in the Regulatory Agreement. The Trustee may establish a fund or account in its records to deposit and remit such Issuer's fees to the Issuer.



## **ARTICLE VI**

### **DEFAULT PROVISIONS; REMEDIES**

Notwithstanding the foregoing, or anything else to the contrary herein, no default by the Borrower under the Loan Agreement shall constitute an event of default with respect to the Bond (including, without limitation, a failure to make any payment due with respect to the Bond as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). The Owner's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents.

## **ARTICLE VII**

### **CONCERNING THE TRUSTEE**

#### **Section 7.01. Trustee; Appointment and Acceptance of Duties.**

(a) The Issuer 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.

(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 Issuer 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 the 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 delivery of a notice of redemption or the payment of principal and interest on the Bond, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own 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 by the Servicer, including foreclosure of the Property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owner of the Bond for purposes of enforcing the rights of the Owner of the Bond; provided, that without the prior written consent of the Issuer, the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights, which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.

(d) The Trustee shall not take any discretionary action under the Loan Documents (although 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 after receipt of said notice.

(f) Upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give telephonic notice, confirmed in writing, to the Borrower, the Issuer, the Owner and former Owner (provided that the Trustee shall not be obligated to maintain records of such former Owner or to retain records relating to such former Owner for more than six years).

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default under the Loan Agreement unless the Trustee shall have received written notice of such default by the Issuer, the Borrower, the Servicer or the Owner of the Bond.

(h) The Trustee is authorized and directed to execute in its capacity as Trustee the Loan Documents to which the Trustee party.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Servicer or a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

(k) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care. The Trustee is not responsible for the actions or omissions of the Servicer.

**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 Trustee shall not be liable for any action taken or not taken in reliance upon the opinion or advice 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 Issuer to any Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Issuer Representative.

(c) As to the existence or nonexistence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by an Authorized Issuer Representative as sufficient evidence of the facts stated therein as the same appear from the books and records under the City Clerk's or any assistant City Clerk's custody or control or are otherwise known to such officer. The Trustee may accept a certificate of an Authorized Issuer Representative, City Clerk or any assistant City Clerk to the effect that a motion, resolution or ordinance in the form therein set forth has been adopted by the governing body of the Issuer as conclusive evidence that such motion or resolution has been duly adopted, and is in full force and effect, and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

**Section 7.04. Compensation; No Trustee Liens.** The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture.

**Section 7.05. Certain Permitted Acts.** The Trustee may become the owner of the Bond with the same rights it would have if it were not the Trustee. To the extent permitted by law, the

Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owner of the Bond or to effect or aid in any reorganization growing out of the enforcement of the Bond or this Indenture, whether or not any such committee shall represent the Owner of the Bond.

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

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

**Section 7.08. Appointment of Successor Trustee; Temporary Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee, with the consent of the Servicer, by an instrument or concurrent instruments in writing signed by the Issuer.

**Section 7.09. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer, Borrower 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 on the written request of the Issuer 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 Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

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

**Section 7.11. Servicer.** The Majority Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the Issuer 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 Majority Owner, by written notice to the Issuer, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner. The Servicer may, with the prior written consent of the Majority Owner, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement. Notwithstanding the foregoing, East West shall be the Servicer until such time as neither the letter of credit issued by East West to Boston Private pursuant to the Construction Disbursement Agreement nor any obligation under any "Credit Document" (as defined in the Construction Disbursement Agreement) is any longer outstanding; shall not be required to enter into any Servicing Agreement; and may be removed as Servicer only pursuant to the terms of the Intercreditor Agreement.

**Section 7.12. Co-Trustee.** At any time or times upon the consent of the Issuer, Servicer and Owner, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power to appoint one or more persons either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 7.12. Every such co-trustee or separate trustee appointed pursuant to the provisions of this Section 7.12 must be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(a) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) all rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee;

(ii) all rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees; provided, however, the Trustee shall remain responsible for exercising all rights and powers, maintaining all trusts and performing all duties and obligations conferred or imposed upon the trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees;

(iii) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee;

(iv) any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(v) the Trustee at any time, by an instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 7.13. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.13;

(vi) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(vii) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee; and

(viii) any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(b) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, such co-trustee or separate trustee shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

(c) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

**Section 7.13. Bond Registrar.** The Issuer hereby appoints the Trustee as Bond Registrar under this Indenture.

## **ARTICLE VIII**

### **AMENDMENTS AND SUPPLEMENTAL INDENTURES; AMENDMENTS OF ISSUER DOCUMENTS**

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

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owner of the Bond or the Trustee, or to make any change which, in the judgment of the Servicer, is not to the prejudice of the Owner of the Bond;
- (c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral; or
- (d) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from gross income of the Owner for purposes of federal income taxation of interest on the Bond.

### **Section 8.02. Supplemental Indentures Requiring Consent of Owner of Bond.**

- (a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owner of the Bond.
- (b) If at any time the Issuer 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 Issuer following the giving of such notice, the Owner of the Bond at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of the Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 8.03. Reliance on Opinion of Counsel.** The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the Issuer and the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bond to be includable in gross income of the Owner 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 Bond to the Borrower and the Servicer at least 10 days before the date of its proposed execution and delivery.

**Section 8.05. Amendments of Loan Documents Not Requiring Consent of Owner of Bond.** The Issuer, the Trustee and the Borrower may, without the consent of or notice to the Owner of 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 Owner of Bond.** Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owner of the Bond; provided, however, that nothing in this Section or Section 8.05 hereof shall permit or be construed as permitting without the consent of the Owner of the Bond (a) an extension of the time of the payment of any amounts payable under the Loan Documents, or (b) a reduction in the amount of any payment or in the total amount due under the



Loan Documents. If at any time the Issuer, 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 at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of 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 Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer, 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 Owner of the Bond. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the Issuer Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

## **ARTICLE IX**

### **DISCHARGE**

**Section 9.01. Discharge of Indenture.** If the Issuer shall pay, or there shall otherwise be paid, to the Owner of the Bond the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owner of 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 Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture after the payment of principal or redemption price, if applicable, of or interest on the Bond. Notwithstanding the foregoing, the provisions contained in Sections 2.02(e), 2.02(f), 2.02(g) and 5.08 of this Indenture and the provisions of Sections 5.18(c) and 5.19 of the Loan Agreement shall survive the discharge of the Indenture and 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 in whole or in part 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 up to an amount necessary to pay in full all of the principal of and interest on the Bond through such cancellation and any other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

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

## **ARTICLE X**

### **MISCELLANEOUS**

#### **Section 10.01. Evidence of Signatures of Bond 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 such Owner in person or by their 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 such Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

**Section 10.02. Bond Not an Obligation of the State or Any Political Subdivision.**

THE BOND IS ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, AND IS A LIMITED OBLIGATION OF THE ISSUER. NEITHER THE CITY COUNCIL OF THE ISSUER NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF SUCH BOND OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY BOND OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THIS INDENTURE CONTAINED, AGAINST, THE ISSUER, ANY PAST, PRESENT OR FUTURE MEMBER OF ITS GOVERNING BODY, ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS OR STAFF OR THE OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS OR STAFF OF ANY SUCCESSOR PUBLIC ENTITY, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR PUBLIC ENTITY, UNDER ANY RULE OF LAW OR PENALTY OF OTHERWISE, AND ALL SUCH LIABILITY OF THE ISSUER, ANY MEMBER OF ITS GOVERNING BODY AND ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS AND STAFF IS HEREBY, AND BY THE ACCEPTANCE OF THE

BOND, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BOND.

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

**Section 10.04. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond.

**Section 10.05. No Recourse on the Bond.** No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the Mayor, City Council or any of the members, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Issuer's Mayor, the City Council or of any such member, officer, agent or employee, as such, past, present or future of the Issuer by reason of any act or omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Owner as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or the Owner and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be

had against the Mayor, the City Council or any officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Mayor of the City Council in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

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

**Section 10.07. Successors.** Whenever in this Indenture the Issuer is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Issuer under the Act, and all the covenants and agreements contained in this Indenture by or on behalf of the Issuer shall bind and inure to the benefit of 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 Issuer 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 Issuer 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 charge shall be effective upon receipt.

**Section 10.09. Applicable Law.** This Indenture shall be governed exclusively by the applicable laws of the State.

**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. [Reserved].**

**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. Request and Indemnification.** If any consent or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act

unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it, including any fees due pursuant to the Regulatory Agreement.

**Section 10.14. Nondiscrimination and Affirmative Action.** The Trustee shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. Trustee shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.R.F. Part 60). The Trustee shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Trustee shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Indenture. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 10.15. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the Issuer's Business Tax Ordinance (Article 1, Chapter 2, section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Indenture, the Trustee shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it, subject to any exemption available to it, under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 10.16. Child Support Assignment Orders.** This Indenture is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Trustee certifies that: (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the principal owner(s) of the Trustee are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) it will

maintain such compliance throughout the term of this Indenture. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Trustee to obtain compliance of its subcontractors shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. The Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Trustee hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code 7110.

**Section 10.17. Americans with Disabilities Act.** The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the “ADA”). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

ISSUER:

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

MICHAEL N. FEUER  
City Attorney

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

[Issuer signature page to Indenture]

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TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_

Name: Julia Hommel

Title: Vice President

[Trustee signature page to ***Figueroa*** Indenture]

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Approved this [\_\_\_\_] day of [\_\_\_\_], 2014.

BOSTON PRIVATE BANK & TRUST  
COMPANY, a Massachusetts Trust Company,  
as Owner

By \_\_\_\_\_  
Sylvia Bettencourt, Vice President

[Bond Owner signature page to ***Figueroa*** Indenture]

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**EXHIBIT A**  
**FORM OF BOND**

EXCEPT AS EXPRESSLY PROVIDED IN THE INDENTURE THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933 AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

No. R-\_\_\_\_\_

\$[\_\_\_\_\_]

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
  
**CITY OF LOS ANGELES**  
**MULTIFAMILY HOUSING REVENUE BOND**  
**(FIGUEROA SENIOR HOUSING APARTMENTS),**  
**SERIES 2014H**

Dated Date: \_\_\_\_\_, 2014

Registered Owner: BOSTON PRIVATE BANK & TRUST COMPANY

Maturity Date: [\_\_\_\_\_ 1, 20\_\_]

Interest Rate: As stated below

CITY OF LOS ANGELES (the “Issuer”), a charter city and municipal corporation, of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of \$[\_\_\_\_\_], or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bond and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by

wire transfer to the record Owner of the Bond as the same appears upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is the Bond of the Issuer designated City of Los Angeles Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments), Series 2014H and issued in the aggregate principal amount of \$[\_\_\_\_\_] (the “Bond”) which is issued for the purpose of funding a loan to Figueroa Senior Housing Preservation, L.P., a California limited partnership (the “Borrower”), in order to finance a portion of the costs of the acquisition, rehabilitation and equipping of a 65-unit (plus 1 manager unit) multifamily residential housing project in Los Angeles, California (the “Project”). This Bond is issued pursuant to and in compliance with Section 248, as amended, of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of Los Angeles Administrative Code, as amended (the “Law”) and in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”) and a resolution of the City Council of the Issuer.

THE BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE HOLDER OF THE BOND WILL PURCHASE THE PRINCIPAL AMOUNT OF THE BOND IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 3.01(b) OF THE INDENTURE. ACCORDINGLY, THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED BY THE HOLDER AND IS OUTSTANDING AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THE BOND AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THE BOND IN ACCORDANCE WITH THE TERMS OF SECTION 3.01(b) OF THE INDENTURE, THE TRUSTEE WILL NOTE ON A LOG MAINTAINED BY THE TRUSTEE FOR SUCH PURPOSE THE PRINCIPAL AMOUNT OF THE BOND SO PURCHASED, THE DATE OF SUCH PURPOSE AND THE IDENTITY OF SUCH PURCHASER. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED AND IS OUTSTANDING. IF PRESENTED TO THE TRUSTEE BY THE HOLDER OF THIS BOND, THE PRINCIPAL AMOUNT OF THE BOND PURCHASED BY THE OWNER OF THIS BOND WILL BE NOTED BY THE TRUSTEE ON SCHEDULE A ATTACHED TO THIS BOND.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of [September] 1, 2014 between the Issuer and the Trustee (as amended and supplemented from time to time, the “Indenture”), the Law and the Act (as such terms are defined in the Indenture). Reference is made to the Indenture, the Law and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bond issued under the Indenture is expressly limited to [\$4,000,000] in aggregate principal

amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the “Loan Agreement”) and that Promissory Note dated as of [September] 1, 2014, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bond.

THE OBLIGATIONS OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (i) THE PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT BY THE BORROWER, AND THE SECURITY THEREFOR PROVIDED BY THE MORTGAGE (AS THAT TERM IS DEFINED IN THE INDENTURE) AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (ii) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

THIS BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE REVENUES AND PROPERTY PLEDGED THEREFOR IN THE INDENTURE, AND NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THIS BOND, SHALL BE LIABLE PERSONALLY ON THIS BOND OR FOR ANY REASON RELATING TO THE ISSUANCE OF THIS BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND, OR FOR ANY CLAIM BASED ON THIS BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THIS BOND, EXPRESSLY WAIVED AND RELEASED.

**Interest Rates.** This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. Interest on this Bond shall be computed on the basis of a 360-day year, for the number of days actually elapsed.

“*Term Variable Rate*” means a variable rate of interest equal to 65% of one-month LIBOR plus 230 basis points effective from and after the Conversion Date.

“*Variable Rate*” means a variable rate of interest equal to 80% of the Federal Home Loan Bank Classic Advance 1 Month Regular Advance Rate that is current two days prior to the

Interest Payment Date, plus 150 basis points for the for the Bond from the Closing Date to the Conversion Date.

**Alternative Rate; Taxable Rate.** Following the occurrence of an Event of Default under the Loan Agreement, the Bond shall bear interest at the Alternative Rate, as that term is defined in the Indenture. If a Determination of Taxability occurs with respect to the Bond, this Bond shall bear interest from the date of the Determination of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest, as provided in the Indenture.

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

**Registration and Transfer.** THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond is issuable as a fully registered Bond in an Authorized Denomination as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

**Redemption of Bond.** This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

**Enforcement.** Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

**Discharge.** The Indenture prescribes the manner in which it may be discharged and after which the Bond shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of the Bond and of such payment.

**Modifications.** Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

[Signature page to follow]

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, including the Law and the Act.

The Issuer has caused this Bond to be duly executed in its name by the facsimile signature of its Mayor under its official seal, or a facsimile, and attested by the facsimile signature of its City Treasurer all as of the above Dated Date.

CITY OF LOS ANGELES

By \_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Treasurer

(SEAL)



## FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

Date of Authentication: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Transferee

\_\_\_\_\_  
Signature Guaranteed by

\_\_\_\_\_  
Name of Bank

By \_\_\_\_\_

Title \_\_\_\_\_

**SCHEDULE A**  
**[\$4,000,000]**  
**CITY OF LOS ANGELES**  
**MULTIFAMILY HOUSING REVENUE BOND**  
**(FIGUEROA SENIOR HOUSING APARTMENTS),**  
**SERIES 2014H**

**Draw-Down Purchases**

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

<b>Date of Draw-Down</b>	<b>Name of Registered Owner</b>	<b>Principal Amount</b>	<b>Signature of Bond Registrar</b>
			<hr/>
			<hr/>
			<hr/>
			<hr/>
			<hr/>
			<hr/>

**EXHIBIT B**  
**FORM OF INVESTOR LETTER**

\_\_\_\_\_, 20\_\_\_\_

City of Los Angeles  
Los Angeles, California  
Attention: Yaneli Ruiz

U.S. Bank National Association  
Los Angeles, California

Kutak Rock LLP  
Los Angeles, California

Re: City of Los Angeles Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments), Series 2014H

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-referenced bond (the “Bond”) issued pursuant to that certain Indenture of Trust, dated as of [September] 1, 2014 (the “Indenture”), between the City of Los Angeles (the “Issuer”) 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 Figueroa Senior Housing Apartments and the revenues therefrom, and will be sold to the Investor in reliance 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 Documents. 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 Issuer, by each employee of the Issuer, by each member of the City Council of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bond and the Investor’s purchase of the Bond. The Investor recognizes and agrees that the Issuer, each employee of the Issuer, each member of the City Council of the Issuer, counsel to the Issuer, 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 Issuer, the Borrower, the Project and the terms of the Bond.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Issuer 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 in whole (but not in part), at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “1933 Act”), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture, including the prior written consent of the Issuer (except as may be permitted by the Indenture). The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement.

7. The Investor is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 (“Rule 144A”) and it understands that the Bond may be offered, resold, pledged or transferred only to a person who is a “qualified institutional buyer,” as defined in Rule 144A (“QIBs”), in compliance with 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 consent of the Issuer referenced in Section 6 above and the Indenture.

9. Neither the Trustee, the Bond Counsel to the Issuer, the Issuer, 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 Purchaser from any source regarding the Project, the Issuer, 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, (b) the Offering Information and any additional information specifically requested from the Issuer 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 Issuer, 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 Issuer, payable solely from amounts provided by or at the direction of the Borrower, and are not obligations payable from the general revenues or other funds of the Issuer, the State of California or any other political subdivision of the State of California. The Investor acknowledges that the Issuer 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 undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to make the certifications, representations and warranties contained herein.

13. 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.

14. The Investor acknowledges that no offering document has been produced in connection with the issuance or sale of the Bond.

15. The Investor agrees to indemnify and hold harmless the Issuer, the Issuer's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Issuer past, present and future and the Trustee 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.

[Remainder of page left intentionally blank]

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Very truly yours,

BOSTON PRIVATE BANK & TRUST  
COMPANY, as Purchaser

By \_\_\_\_\_  
Sylvia Bettencourt, Vice President

Dated: [\_\_\_\_], 2014

**EXHIBIT C**

[\$4,000,000]

City of Los Angeles  
Multifamily Housing Revenue Bond  
(Figueroa Senior Housing Apartments),  
Series 2014H

**REDEMPTION SCHEDULE**

<b>Date of Redemption</b>	<b>Amount of Redemption</b>
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## EXHIBIT D

### FORM OF REQUISITION CERTIFICATE (PROJECT FUND)

Date: \_\_\_\_\_, \_\_\_\_

#### REQUISITION CERTIFICATE

TO: U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE UNDER THAT INDENTURE OF TRUST DATED AS OF [SEPTEMBER] 1, 2014 BETWEEN CITY OF LOS ANGELES AND THE TRUSTEE (THE "INDENTURE").

FIGUEROA SENIOR HOUSING PRESERVATION, L.P., a California limited partnership (the "Borrower"), hereby requests that the following amounts be paid from the [Loan Account/Equity Account of the] Project Fund consisting of \$\_\_\_\_\_ [proceeds of the Bond] (as defined in the Indenture) for payment to the following payees for the following purposes:

Amount	Payee and Address	Purpose
\$_____		

The Borrower hereby certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Project and are presently due and payable and that each item thereof is a proper charge against the Project Fund and has not been the subject of a previous withdrawal from the Project Fund;

(b) to the best of the undersigned's knowledge there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation;

(c)(i) obligations as stated on the requisition have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition is vested in the Borrower;

(e) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Regulatory Agreement;

(f) such disbursement when added to all other disbursements made to date from proceeds of the Bond results in at least 95% of the proceeds of the Bond, including investment earnings, having been used for Qualified Project Costs; and

(g) all representations and warranties of the Borrower contained in the Loan Agreement are on the date hereof true and accurate.

Requested this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

FIGUEROA SENIOR HOUSING  
PRESERVATION, L.P., a California limited  
partnership

By Figueroa Economical Housing  
Development Corporation, a California  
nonprofit public benefit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Charles Cline  
Title: President

Approved this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**EAST WEST BANK,**  
as Servicer

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

For Issuer consent requirements, see Section 5.02(b) of the Indenture.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**CITY OF LOS ANGELES**, as Issuer

By \_\_\_\_\_  
Authorized Officer

[Issuer signature page to Requisition Certificate]

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**TRUST INDENTURE**

between

**CITY OF LOS ANGELES,**  
as Issuer

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

relating to

\$4,812,500  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Normandie Seniors Apartments),  
Series 2014G

Dated as of February 1, 2015

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## TRUST INDENTURE

**THIS TRUST INDENTURE** (this “Indenture”) is dated as of February 1, 2015 by and between the **CITY OF LOS ANGELES**, a charter city and municipal corporation, organized and existing under the laws of the State of California (the “Issuer”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under and by virtue of the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby, as trustee (the “Trustee”).

### WITNESSETH:

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

WHEREAS, the Act and the Law authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments, and intended to be occupied in part by persons of low and moderate income, as determined by the Issuer; (b) to issue its revenue bond 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 Issuer to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, on October 15, 2013, the Issuer indicated its intent to provide for the issuance of a revenue bond to finance a portion of the acquisition, rehabilitation and equipping of Normandie Seniors Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 6301 South Normandie Avenue (the “Project”) and the Issuer’s City Council subsequently adopted a resolution (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer deems it desirable and in keeping with its purposes to issue its Multifamily Housing Revenue Bond (Normandie Seniors Apartments), Series 2014G in the maximum principal amount of \$4,812,500 (the “Bond”) in order to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, pursuant to a Loan Agreement dated as of even date herewith (the “Loan Agreement”) among the Issuer, the Trustee and Normandie Senior Housing Preservation, L.P. (the “Borrower”), the Issuer has agreed to issue the Bond and lend the proceeds thereof to the Borrower (the “Loan”) and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, rehabilitation and equipping of the Project, (ii) make payments sufficient to pay the principal of and interest on the Bond when due (whether at



maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note (the "Note") dated as of even date herewith in an original principal amount equal to the maximum original 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 Issuer 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 (i) 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"), (ii) an Assignment of Deed of Trust and Related Documents (as amended, modified or supplemented from time to time, the "Assignment of Mortgage") and (iii) an Assignment of Contracts, Plans and Specifications (as amended, modified or supplemented from time to time, the "Assignment of Project Documents"), each dated as of even date with this Indenture, for the benefit of the Issuer, as secured party;

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

#### GRANTING CLAUSES

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

- (a) All right, title and interest of the Issuer in and to the Note, the Mortgage, the Assignment of Mortgage, the Assignment of Project Documents 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 Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Reserved Rights); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Code; 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;

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

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

## ARTICLE I

### DEFINITIONS AND CONSTRUCTION

**Section 1.01. Definitions.** The following capitalized terms, as used in this Indenture, shall have the meanings specified below unless the context otherwise shall require. All other capitalized terms which are defined in the Loan Agreement 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”* means Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as supplemented and amended to the Closing Date.

*“Additional Interest”* means an amount equal to the excess of (i) the amount of interest an Owner would have received during the period of time commencing on the date that the interest on the Bond, becomes subject to federal income taxation to the earlier of the date of the payment of the Bond or the date of a Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for said period.

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

*“Alternative Rate”* means the lower of (i) 5% in excess of the rate of interest payable on the Bond or (ii) 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 Attesting Officer”* means the City Treasurer, Deputy City Treasurer or Interim City Treasurer of the Issuer, or such other officer or official of the Issuer who, in accordance with the laws of the State, the bylaws or other governing documents of the Issuer, or practice or custom, regularly attests or certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

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

*“Authorized Issuer Representative”* shall mean the Mayor or the General Manager, any Interim General Manager, any Assistant General Manager, any Acting General Manager or any Interim Assistant General Manager, the Executive Officer or the Director or Acting Director, Finance and Development Division of the Los Angeles Housing and Community Investment Department, and any other officer or employee of the Issuer designated to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer by a written certificate furnished to the Trustee, which certificate is signed by the Mayor or the General Manager or any Acting General Manager or any Interim General Manager or any Assistant General Manager or Interim Assistant General Manager, the Executive Officer or Director, or Acting Director, Finance and Development Division of the Los Angeles Housing and Community Investment Department and contains the specimen signature of such other officer or employee of the Issuer.

*“Authorized Representative”* means, (i) with respect to the Issuer, any Authorized Issuer Representative; (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower and (iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its authorized officer. 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.

*“BlueGreen Guarantor”* means until the Conversion Date, BlueGreen Preservation and Development Company LLC, a Delaware limited liability company.

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

*“Bond Counsel”* means Kutak Rock LLP, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer and the Servicer.

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

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

*“Borrower’s Tax Certificate”* means collectively: (i) the Tax Certificate; and (ii) the Borrower Cost Certificate dated the Closing Date in which the Borrower certifies various facts relating to the Project which bear on the exclusion of interest on the Bond from gross income for purposes of federal income taxation.

*“Boston Private”* means Boston Private Bank & Trust Company, a Massachusetts trust company.

*“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 Los Angeles, California, or any city where the corporate trust office of the Trustee is located, are required or authorized by law to remain 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.

*“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 [February \_\_, 2015] the date of issuance of the Bond.

*“Code”* means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

*“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.

*“Conditions to Conversion”* is defined in the Intercreditor Agreement.

*“Construction Disbursement Agreement”* means the Reimbursement Agreement dated as of even date with this Indenture, between the Borrower and East West, as the same may be supplemented, amended or modified.

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

*“Conversion”* means the conversion of the Loan from the construction to permanent phase following satisfaction of the Conditions to Conversion.

*“Conversion Date”* means the date designated as the “Conversion Date” in a notice from the Owner and the Servicer to the Trustee upon satisfaction, or waiver as applicable, of the Conditions to Conversion.

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

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

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

“*Determination of Taxability*” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) 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 interest for a 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, unless the sole cause for such Determination of Taxability is the result of a merger, reorganization or other corporate restructuring of the Owner or a change in applicable federal or state income tax laws; provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (b) 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.

“*East West*” means, East West Bank, a California banking corporation.

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

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

“*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.

*“Intercreditor Agreement”* means the Intercreditor Agreement dated as of the date of this Indenture entered into among Borrower, Boston Private and East West.

*“Interest Payment Date”* means the first day of each month commencing with the month following the month in which the Closing Date occurs, provided that if such day is not a Business Day, such Interest Payment Date shall be the first following day that is a Business Day.

*“Interest Rate Cap Contract”* means any interest rate cap or other hedge agreement procured by the Borrower for the benefit of the Trustee or the Majority Owner pursuant to the Reimbursement Agreement.

*“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, California, 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 two highest letter rating categories of S&P or Moody's or whose unsecured and uncollateralized short-term debt obligations are rated in 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 which are rated in the two highest rating categories of S&P or Moody's 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’s Letter”* means a letter in the form of Exhibit B to this Indenture executed by the initial Owner and any subsequent transferee of the Bond.

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

*“Issuer Documents”* means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

*“Issuer’s Ongoing Fee”* shall mean the annual fee of the Issuer 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.

*“Law”* means Section 248 of the City Charter of the City and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as supplemented and amended to the Closing Date.

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

*“LIBOR”* ).(aka, the London Interbank Offered Rate) means the rate of interest in U.S. Dollars (rounded upwards, at the Majority Owner's option, to the next 1/16th of 1%) equal to the Intercontinental Exchange Benchmark Administration Ltd. (“ICE, ”or the successor thereto if ICE is no longer making a London Interbank Offered Rate available) (“ICE LIBOR”) for the equivalent LIBOR Interest Period as published by Bloomberg (or such other commercially available source providing quotations of ICE LIBOR as designated by Majority Owner from time to time) at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the below-defined Reset Date; provided however, if more than one ICE LIBOR is specified, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term LIBOR shall mean, with respect to any LIBOR Interest Period, the rate of interest per annum determined by Majority Owner to be the average rate per annum at which deposits in dollars are offered for such LIBOR Interest Period by major banks in London, England at approximately 11:00 A.M. (London time) two (2) London Business Days prior to the Reset Date.

*“LIBOR Interest Period”* means, initially, the first (1st) LIBOR Interest Period hereunder which shall be the period commencing on the Closing Date and ending on (and including) the last day of the calendar month which includes the Closing Date. Thereafter, each LIBOR Interest Period shall commence on the first calendar day of every calendar month immediately following the previous LIBOR Interest Period (the “Reset Date”), and end on the last calendar day of such calendar month; provided, however, if any LIBOR Interest Period is to commence in a month for which there is no day which numerically corresponds to the Reset Date, the LIBOR Interest Period shall commence on the last day of such calendar month.

“*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 Issuer, the Trustee and the Borrower, as the same may be supplemented, amended or modified.

“*Loan Documents*” means, collectively, the Loan Agreement, the Note, the Regulatory Agreement, the Mortgage, the Reimbursement Agreement, the Assignment of Mortgage, the Assignment of Project Documents, the Environmental Indemnity, the Guaranty, the Tax Certificate, any Interest Rate Cap Contract and, upon delivery thereof, the Servicing Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower’s indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

“*London Business Day*” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“*Majority Owner*” means the Person who owns at least 51% in aggregate principal amount of the Outstanding Bond, or the person who is designated in writing to exercise the powers of “Servicer” and “Majority Owner” hereunder by a Person who owns at least 51% in aggregate principal amount of the Outstanding Bond.

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

“*Maximum Rate*” means the lesser of (i) 12% per annum or (ii) the maximum rate allowed by applicable law, if any.

“*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 Issuer, with the consent of the Borrower and the Servicer.

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

“*NNPH Guarantor*” means Normandie Non-Profit Housing, Inc., its successors and assigns.

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

“*Notice Address*” means, with respect to the Issuer, Los Angeles Housing and Community Investment Department, 8th Floor, 1200 West 7th Street, Los Angeles, California 90017, Attention: Supervisor, Affordable Housing Bond Program with a copy to Los Angeles Housing and Community Investment Department, P.O. Box 532729, Los Angeles, California

90053-2729, Attention: Supervisor, Affordable Housing Bond Program and with a copy to Kutak Rock, 1650 Farnam Street, the Omaha Building, Omaha, Nebraska, 68102, Attention: J. Toger Swanson, Esq.; with respect to the Borrower, c/o Normandie Non-Profit Housing, 6301 South Normandie Avenue, Los Angeles, CA 90044, Attention: [\_\_\_\_], with a copy to Hobson, Bernardino & Davis, LLP, Ernst & Young Plaza, 725 S. Figueroa Street, Suite 3230, Los Angeles, CA, 90017, Attention: Jason A. Hobson, Esq. and to [WNC Institutional Tax Credit Fund X California Series 12, L.P.] c/o WNC & Associates, Inc., 17782 Sky Park Circle, Irvine, California 92614-6404 Attention: Michael J. Gaber; with respect to the Majority Owner, Boston Private Bank & Trust Company, 1520 Broadway, Santa Monica, CA 90401, Attention: Rufus Phillips, with a copy to Buchalter Nemer, PC, Suite 1700, 55 2nd Street, San Francisco, California, 94105 Attention: Sarah C. Perez, Esq.; with respect to the Trustee, U.S. Bank National Association, 633 West 5th Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services; with respect to East West, 135 N. Los Robles, Avenue, 2nd Floor, Pasadena, California 91101, Attention: Linda Morgan, with a copy to Nevers Palazzo, Packard, Wildermuth & Wynner, 31248 Oak Crest Drive, Suite 100, Westlake Village, California 91361, Attention: Carlisle Packard, and with respect to any other future lender or Majority 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.

“*Owner*” means the registered owner of the Bond.

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

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

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

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

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

“*Qualified Buyer*” means a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended.

“*Qualified Project Costs*” shall have the meaning contained in the Regulatory Agreement.

“*Rebate Analyst*” or “*Arbitrage Analyst*” means any Person, chosen by the Borrower and at the expense of the Borrower and acceptable to the Issuer, 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 February 1, 2015, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“*Requisition*” means a requisition in the form of Exhibit D attached hereto, required for the making of an advance from the Loan Account, the Equity Account of the Project Fund.

“*Reserved Rights*” means rights of the Issuer, its members, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to enforce and receive payments of money directly and for its own purposes under Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(l), 3.02(b), 3.02(d), 3.02(e), 5.03, 5.06, 5.13, 5.14, 5.19, 5.21, 6.03(a)(ii), 7.04 and 7.08 (as it relates to the Issuer) of the Loan Agreement, the Issuer’s rights to indemnification, to receive notices and the right to enforce such rights, including the Issuer’s rights under and relating to the enforcement of the Regulatory Agreement, to receive its fees, expenses and indemnities due under the Loan Agreement and Regulatory Agreement, to receive the Rebate Amount under the Loan Agreement, its rights of access, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture.

“*Reset Variable Rate*” means, on and after the 16th anniversary of the Conversion Date, a variable rate of interest equal to 65% of LIBOR that is current on the first calendar day of each month, plus 930 basis points for the Bond.

“*Resolution*” means together, the resolutions of the Issuer adopted on July 1, 2014, and on January [ ], 2015 authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bond and the performance of its obligations thereunder.

“*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 that no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

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

“*S&P*” means Standard & Poor’s Ratings Services, 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 Issuer, with the consent of the Borrower and the Servicer.

“*Special Reserve Account*” has the meaning set forth in the Loan Agreement.

“*State*” means the State of California.

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

“*Taxable Rate*” means a rate of interest equal to the difference between the applicable Bond interest rate and interest calculated at the Majority Owner’s taxable rate for bonds similar to the Bond, to be determined in Majority Owner’s sole and absolute discretion, for the remainder of the term, but in no case exceeding the Maximum Rate.

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

“*Term Variable Rate*” means, following the Conversion Date and continuing to the 16<sup>th</sup> anniversary of the Conversion Date, a variable rate of interest equal to 65% of LIBOR that is current on the first calendar day of each month, plus 230 basis points for the Bond.

“*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.

“*Trust Estate*” means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

“*Trustee Intercreditor Agreement*” means the Intercreditor Agreement dated as of the date of this Indenture entered into among Issuer, the Trustee and East West.

“*Variable Rate*” means, prior to the Conversion Date, a variable rate of interest equal to 80% of the Federal Home Loan Bank Classic Advance 1 Month Regular Advance Rate that is current on the first calendar day of each month, plus 150 basis points for the Bond.

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

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

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

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

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

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

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

## ARTICLE II

### REPRESENTATIONS AND COVENANTS OF THE ISSUER

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

(a) The Issuer is a charter city and municipal corporation in the State, duly organized, validly existing and in good standing under the Act and the laws of the State.

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

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

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

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

(a) The Issuer 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 Issuer will do, 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 Issuer Documents and the Bond.

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

(d) The Issuer will not knowingly take or permit actions within its control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect, the excludability of interest on the Bond from gross income for federal income tax purposes.

(e) The Loan Agreement sets forth covenants and obligations of the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate, at the Borrower's expense, in the enforcement of all covenants and obligations of the Borrower under the Loan Agreement and agrees that the Trustee and the Servicer may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and

pursuant to the Loan Agreement in their respective names and on behalf of the Owner, whether or not the Issuer has undertaken to enforce such rights and obligations.

(f) The Issuer acknowledges that it has assigned its interest in and to the Mortgage and the Note to the Trustee under this Indenture and that such instrument further secures payment of the Loan, interest thereon and amounts due under certain other Loan Documents, and reference is hereby made to the same for a detailed statement of the obligations of the parties thereto.

(g) Subject to the terms of this Indenture and of the Mortgage and the Regulatory Agreement, until the occurrence of an Event of Default under the Loan Agreement, the Borrower shall be permitted to possess, use and enjoy the Mortgaged Property and to receive and use the issues and profits of the Mortgaged Property.

(h) The Issuer will comply with the requirements of the Tax Certificate.

### **ARTICLE III**

#### **AUTHORIZATION AND ISSUANCE OF BOND**

##### **Section 3.01. Authorization of Bond.**

(a) There is hereby authorized, established and created an issue of a Bond of the Issuer to be known and designated as the “City of Los Angeles Multifamily Housing Revenue Bond (Normandie Seniors Apartments), Series 2014G” in the principal amount of \$4,812,500. 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, at par. [The initial installment for the purchase of the Bond shall be in the amount of \$[\_\_\_\_\_] [at least \$50,001]] 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 the payment of the purchase price of the Bond by the Owner in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by any 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 applicable 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) the original executed Note, and executed original counterparts of this Indenture, the other Issuer Documents and the Loan Documents;
- (b) written confirmation from the Servicer or its counsel that the conditions to delivery of the letter of credit to be issued by East West to Boston Private contained in the Construction Disbursement Agreement have been satisfied or waived by Servicer;
- (c) written confirmation from the Majority Owner or its counsel that all underwriting conditions of the Majority Owner have been satisfied or waived by the Majority Owner;
- (d) a certified copy of the Resolution;
- (e) evidence of: (i) the payment of the initial installment of the purchase price of the Bond; and (ii) deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;
- (f) an opinion of Bond Counsel substantially to the effect that the Bond constitutes a legal, valid and binding obligation of the Issuer and that under existing statutes, regulations, rulings and court decisions, the interest on the Bond is not 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 federal income tax purposes;
- (g) an original Investor Letter executed by the initial purchaser(s) of the Bond, in substantially the applicable form set forth in Exhibit B hereto;
- (h) the opinion of counsel to the Borrower in the form required by the Issuer and counsel to the Owner, addressed to the Issuer, the Trustee and the Owner;
- (i) receipt by the Trustee of the initial deposits to this Indenture as described in Section 5.01(c) hereof; and

(j) any other documents or opinions which the Issuer or Bond Counsel may reasonably require.

**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 a Bond is mutilated, lost, stolen or destroyed, the Issuer 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 a Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of a Bond and of the ownership thereof. Upon the issuance of a 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 Issuer and the Trustee. In case a Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

**Section 3.05. Terms of Bond—General.**

(a) **Registration; Denomination.** The Bond shall be issuable initially in the Authorized Denomination as specified by the initial Owner. Thereafter, the Bond shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. 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 and of principal upon redemption pursuant to Section 4.01(f) hereof shall be mailed by first-class mail to the Owner of the Bond at its address appearing on the records of the Trustee; provided, however, that the payment to the Servicer shall, upon written request of the 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 Sections 4.01(d) and (e) hereof) of a 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 Majority Owner shall, at the request of the Majority Owner, be made by wire transfer to the Majority Owner without the requirement of surrender of such Bond under any circumstances.

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

(a) **General.** The Outstanding principal amount of the Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. Interest on the Bond shall be computed on the basis of a 360-day year, for the number of days actually elapsed.

(b) **Variable Rate.** From the Closing Date to the Conversion Date, the Bond shall bear interest at the Variable Rate. The Servicer shall determine the Variable Rate for the Bond on the first day of each month following the Closing Date. Absent manifest error, the determination of the Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. From and after the Conversion Date, to the 16<sup>th</sup> anniversary of the Conversion Date, the Bond shall bear interest at the Term Variable Rate. The Servicer shall determine the Term Variable Rate for the Bond on the first day of each month following the Conversion Date. Absent manifest error, the determination of the Term Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. From and after the 16th anniversary of the Conversion Date to the Maturity Date, the Bond shall bear interest at the Reset Variable Rate. The Servicer shall determine the Reset Variable Rate for the Bond on the first day of each month following the 16th anniversary of the Conversion Date. Absent manifest error, the determination of the Reset Variable Rate by the Servicer shall be conclusive and binding upon the Owner, the Issuer, the Borrower and the Trustee. 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.

(c) [Reserved].

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

(e) **Taxable Rate.** If an Initial Notification of Taxability shall occur, the Bond shall bear interest from the date of such Initial Notification of Taxability at the Taxable Rate. If such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability has not occurred, then the Bond shall bear interest from the date of such reversal at the rate applicable to the Bond prior to the Initial Notification of Taxability and the Owner shall refund to the Borrower on or prior to the next succeeding Bond Payment Date, the excess interest previously paid. This provision shall survive the discharge of this Indenture.

(f) ***Additional Interest and Taxes, Penalties and Assessments.*** The Owner of the Bond shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Fund pursuant to the provisions of Section 3.02(b) of the Loan Agreement and all taxes, penalties and assessments charged the Owner in respect of federal, state or local taxes paid by the Owner resulting from inclusion of interest on the Bond in the gross income of the Owner.

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

(h) ***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.**

(a) Interest on the Bond shall be payable in the following manner: commencing the first day of the first month after the month in which the Closing Date occurs and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bond at the applicable interest rate shall be due and payable in arrears.

(b) Commencing on the first day of the first month after the month in which Conversion occurs and continuing on each first day of the month thereafter principal and interest payments based on a 35-year amortization schedule shall be due and payable in arrears; and all accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier.

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

(a) The Bond shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and the Authorized Attesting Officer and attested by the manual or facsimile signature of its Authorized Attesting Officer under the official seal, or a facsimile of the seal, of the Issuer (whether affixed, imprinted, impressed, engraved or otherwise reproduced). Any facsimile signatures shall have the same force and effect as if the Mayor and the Authorized Attesting Officer had manually signed and attested the Bond. In case any officer whose signature or a facsimile of whose 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 as if such officer had remained in office until delivery. Any reproduction of the official seal of the Issuer on any Bond shall have the same force and effect as if the official seal of the Issuer had been manually impressed on such Bond.

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

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

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

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

(b) Upon a partial redemption of the Bond, the Issuer shall execute and the Trustee shall authenticate and deliver new certificates representing the unredeemed portion of the Bond to be so redeemed in part, in exchange for the certificates representing the Bond to be so redeemed in part. Surrender of the Bond for execution, authentication and delivery of a new certificate shall not be a precondition to the redemption of the Bond pursuant to Section 4.01(f) hereof.

(c) Upon surrender of the Bond at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bond may, following compliance with the requirements of this Section 3.09, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bond in Authorized Denominations.

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

(e) The Bond shall be transferred upon presentation and surrender thereof at the Principal Office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. Any Bond surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of a Bond, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for a transfer of the Bond to East West (which transfer may occur on any Business Day), 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 the 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.

(f) Except for the transfer of the Bond to any subsidiary of Boston Private (or any successor to Boston Private, whether by merger, acquisition of assets or otherwise) the Bond may be transferred, only in whole (unless otherwise approved in writing by the Issuer, which approval may be withheld in its sole and absolute discretion), to a new Bondholder only upon receipt by the Bond Registrar, the Issuer and the Trustee of an Investor Letter and only with the prior written consent of the Issuer (except that any transfer of the Bond to East West shall not require the consent of the Issuer). The Trustee shall be entitled to rely, without any further inquiry, on any Investor Letter delivered to it and shall be fully protected in registering any transfer or exchange of the Bond in reliance on any such Investor Letter which appears on its face to be correct and of which the Trustee has no actual knowledge otherwise. Any such Holder desiring to effect such transfer shall agree to indemnify the Issuer, its official, officer, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the Issuer's governing board and Trustee from and against any and all liability, cost or expense (including attorneys' fees) that may result if the transfer of the Bond is not exempt from the registration requirements of the Securities Act of 1933, as amended, or is not made in accordance with federal and state laws. The Owner shall execute and deliver such Investor Letter in connection with its initial purchase of the Bond. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer as provided in the Bond form attached hereto as Exhibit A.

**Section 3.10. Ownership of Bond.** The Issuer, the Trustee and any other Person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be affected by any notice to the contrary.

**Section 3.11. Payments on Bond Due on Non-Business Days.** In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bond 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 notice can be given in accordance with this Indenture after the Conversion Date to the extent of excess funds on deposit on such date in the Loan Account of the Project Fund, determined as provided in Section 5.03 of this Indenture;

(b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are received 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 adversely affect the exclusion of interest on the Bond from gross income of the Owner for federal income tax purposes;

(c) 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 the Borrower's failure to give written notice to the Trustee within 15 days of a Determination of Taxability that the Bond will thereafter bear interest at the Taxable Rate) at a redemption price equal to the principal amount thereof, plus accrued interest thereon and Additional Interest;

(d) in part on the Conversion Date, in the amount directed in writing to the Trustee by the Servicer pursuant to the Construction Disbursement Agreement;

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

(f) in whole, on any date following receipt by the Trustee of written 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; or

(g) in whole on any date, following receipt by the Trustee of written notice from the Owner stating that East West has failed to honor a properly presented drawing under the "Letter of Credit" or that the issuer of a "Confirming Letter of Credit" (as both such terms are defined in the Intercreditor Agreement) has failed to honor a properly presented drawing under its Confirming Letter of Credit..

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

**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, but not in part, at any time, 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.** (a) 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 the 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. A Bond so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

(b) Notwithstanding Section 4.04(a), if the Servicer and the Owner certify in writing to the Trustee that East West has paid to Owner the principal amount of the Outstanding Bond and all accrued interest thereon, East West (and not Borrower) shall be deemed to have purchased the Bond in lieu of redemption on the terms and with the same rights set forth in Section 4.04(a).



#### **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 Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owner for a redemption pursuant to Section 4.01(e) of this Indenture, and no notice of redemption shall be required to be given to the Owner in any event for a redemption pursuant to Section 4.01(f) of this Indenture. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owner shall not affect the validity of the proceedings for the redemption of the Bond.

(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, if required, at the place specified in such notice, such Bond or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bond shall cease to bear interest and (ii) such Bond shall no longer be considered as Outstanding under this Indenture.

#### **Section 4.06. [Reserved].**

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

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond, at the option of such Owner, of any Authorized Denomination of like tenor, however, that such surrender of Bond shall not be required for payment of the redemption price pursuant to Section 4.01(e) or 4.01(f) hereof. A Bond so presented and surrendered shall be canceled in accordance with this Indenture.

(b) In the event of a partial redemption of the Bond other than pursuant to Section 4.01(e) of this Indenture or any failure of the entire principal amount of the Bond authorized hereunder to be purchased through the “drawdown” mechanism pursuant to Section 3.01(b) through the Conversion Date, the mandatory sinking fund schedule set forth on the schedule attached as Exhibit C to this Indenture (as it may have been previously adjusted in accordance with this Section 4.07(b)) shall be adjusted

to provide for approximately equal monthly payments of principal and interest at the applicable rate hereunder on the Bond remaining Outstanding after taking into account such partial redemption; the Servicer shall provide the Trustee with a new schedule reflecting such adjustment.

## **ARTICLE V**

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

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

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

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

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

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

- (i) \$[\_\_\_\_\_], representing [a portion of] the initial installment of the proceeds of the sale of the Bond, shall be deposited in the Loan Account of the Project Fund;
- (ii) \$[\_\_\_\_\_], representing the proceeds of the sale of the Bond [and the initial equity contribution of the Borrower] shall be deposited in the Capitalized Interest Account;

(iii) \$[\_\_\_\_\_], representing a portion of the initial equity contribution of the Borrower [and \$[\_\_\_\_\_], representing a portion of the initial installment of the proceeds of the sale of the Bond, for a total of \$[\_\_\_\_\_]] shall be deposited in the Costs of Issuance Account of the Project Fund; and

(iv) \$[\_\_\_\_\_], representing the balance of the initial equity contribution of the Borrower 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 further funded from time to time as and when installments of the purchase price of the Bond are paid by the Owner pursuant to Section 3.01(b) hereof. 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. Subject to the Intercreditor Agreement and the Trustee Intercreditor Agreement, 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 Issuer, 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 and Equity Account.*** The Trustee shall make payments from the Loan Account for the purpose of paying the Qualified Project Costs. The Trustee shall make payments from the Equity Account to pay (A) all costs of acquisition, rehabilitation and equipping of the Project other than Qualified Project Costs and (B) to the extent amounts on deposit in the Loan Account are insufficient for such purposes, all Qualified Project Costs. Disbursements from the Loan Account and the Equity Account shall be made by the Trustee upon receipt of a Requisition, executed by an Authorized Representative of the Borrower and approved by an authorized representative of the Servicer and the Issuer. The Issuer agrees, however, that if the Issuer has not objected in writing to any disbursement within 10 Business Days of receipt of a request for approval of such disbursement, the Issuer shall be deemed to have approved such disbursement. Furthermore, if the Issuer and the Servicer disagree as to whether a particular disbursement shall be approved or disapproved, they shall meet and confer in good faith, upon the request of either of them in an effort to resolve the matter, which meeting may be by telephonic or electronic means, or may be at a personal meeting. If they fail to agree upon the approval or disapproval of a disbursement following such good faith efforts, the Servicer can

approve the disbursement and pay it from the proceeds of the Bond. Upon Servicer's written notice to the Trustee that an Event of Default has occurred under the Construction Disbursement Agreement and so long as such Event of Default shall continue, the Trustee shall accept and pay Requisitions without a signature of the Borrower. The representations in any Requisition submitted by Servicer only may be qualified as to Servicer's knowledge.

(ii) *Capitalized Interest.* On the last Business Day immediately preceding each Interest Payment Date up to and including the Conversion Date, the Trustee shall transfer funds from: (A) the Loan Account to the Revenue Fund to pay accrued interest on the Bond through the date immediately preceding such Interest Payment Date; (B) if no amount remains in the Loan Account, 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; and (C) from the Capitalized Interest Account to pay to East West letter of credit fees incurred by the Borrower pursuant to the Construction Disbursement Agreement, as directed by the Servicer to the Trustee in writing, without in any case, any requirement or condition of submission of any Requisition. After the Conversion Date, amounts held in the Capitalized Interest Account shall be: (A) applied to pay Qualified Project Costs pursuant to a completed Requisition; (B) transferred to the Revenue Fund for application to the payment of amounts due in respect of the Bond; or (iii) as further provided in Section 5.03 hereof, released to the Borrower, in each case upon the written direction of the Servicer to the Trustee (a copy of which shall be provided to the Borrower).

(iii) *Costs of Issuance Account.* Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay costs of issuance of the Bond pursuant to a closing statement signed by the Borrower and the Servicer identifying the amount to be paid and the payee upon the Trustee's receipt of an invoice therefor. 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 60 days following the Closing Date, shall be transferred to the Equity Account of the Project Fund.

(iv) *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.

(v) *Acceleration.* Upon the occurrence and continuation of an Event of Default under the Loan Agreement and an acceleration of the Bond pursuant thereto, all moneys and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bond.

(vi) *Requisitions.* The Trustee may rely fully on the representations of the Borrower (or as applicable, the Servicer) contained in any Requisition, and

upon the written approval of the Servicer set forth on any Requisition, delivered pursuant to the Loan Agreement, this Indenture and the Construction Disbursement Agreement, and shall not be required to make any investigation or inspection of the Project in connection therewith.

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

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

(a) Subject to the Intercreditor Agreement and Trustee Intercreditor Agreement, 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 Bond in accordance with Section 4.01(b) hereof, or (ii) released to the Borrower if the Borrower obtains an opinion of Bond Counsel that such release will not adversely affect the excludability of the interest on the Bond from gross income of the Owner for federal income tax purposes, all in accordance with written instructions of the Servicer.

**Section 5.05. Intentionally Omitted.**

**Section 5.06. Intentionally Omitted**

**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 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 5.10).

(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, and any Additional Interest due with respect to, the Bond;

(iii) on the first day of each month, to the payment of the fees of the Servicer, if any, and on the first day of each [ ] and [ ] to payment of the fees of the Issuer and the Trustee, each as 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 Issuer and the Trustee and the payment of any amounts payable to the United States, any amounts remaining in the Revenue Fund 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 Issuer, the Borrower or the Owner shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate.

(b) The Trustee shall make information regarding the Bond and the investments hereunder available to the Borrower promptly upon written request, shall make deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Authorized Representative of the Borrower, shall invest moneys in the Rebate Fund pursuant to 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) Pursuant to the Tax Certificate and upon written direction of the Rebate Analyst, the Trustee shall remit all rebate installments and a final rebate payment to the United States of America pursuant to the final report of the Arbitrage Analyst; provided, however, 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 Issuer 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 all 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) The Borrower shall provide the Trustee with a copy 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 Issuer and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) 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 Issuer, 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 Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) 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.

**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, 5.03 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.07 hereof. Earnings on investments held in the Rebate Fund shall be retained therein.

**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 by the Trustee 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 Issuer 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, if requested in writing by the Issuer, with the Issuer, a statement setting forth in respect to the preceding calendar month or year:



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

The Issuer acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of securities transactions as they occur, the Issuer specifically waives the right to receive such confirmations. Upon the written request of any Owner of the Bond, 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.

**Section 5.14. Issuer's Fees.** The Issuer shall be paid the fees described in the Regulatory Agreement, including, but not limited to, Sections 7(n) and (o) thereof. To the extent not paid from the Revenue Fund, the Trustee shall collect such Issuer's fees, including the Issuer's Ongoing Fee, from the Borrower when due from the Borrower and remit them to the Issuer at the times specified in the Regulatory Agreement. The Trustee may establish a fund or account in its records to deposit and remit such Issuer's fees to the Issuer.

## **ARTICLE VI**

### **DEFAULT PROVISIONS; REMEDIES**

**Section 6.01. Provisions Regarding Any Default and Acceleration.** Upon a default by the Issuer of its obligations hereunder or a default by the Borrower of its obligations under the Loan Documents, the Trustee shall, subject to the provisions of Article VII, take such actions, and only such actions, to enforce the provisions of this Indenture, the Issuer Documents and the Loan Documents as are specified in writing by the Owner. Notwithstanding anything else to the contrary herein or in the Loan Agreement, no default by the Borrower under the Loan Agreement, the Note or any other Loan Document shall constitute an event of default with respect to the Bond (including, without limitation, a failure to make any payment due with respect to the Bond as a consequence of the Borrower's failure to make any payment due under the Loan Agreement). -The Issuer's, Trustee's, Owner's and Servicer's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents. In the event of a default by the Borrower under the Loan Documents, the Owner, in its discretion, may

accelerate the amounts due under the Loan Agreement and take other remedial actions available thereunder without accelerating the amounts due with respect to the Bond. Notwithstanding the foregoing, the Owner may, upon the acceleration of the Borrower's obligations under the Loan Documents, direct the Trustee to simultaneously accelerate the maturity of the Bond and apply any funds available hereunder to the payment of the Bond (after paying the fees and expenses of the Trustee and the Issuer). Any portion of the Bond remaining outstanding upon such an acceleration of the Bond shall be deemed paid upon transfer, to or at the direction of the Owner, of the Loan Documents and all security therefor, free and clear of the lien of this Indenture.

The Issuer shall cooperate with the Trustee and the Owner 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 and provided in the Loan Agreement and Regulatory Agreement.

**Section 6.02. Effectiveness of Sections 6.02 through 6.10 at the Direction of Issuer; Events of Default.** At the written request of the Owner, the Issuer may authorize, by written notice to the Trustee, the effectiveness of this Section 6.02 and Sections 6.03 through 6.10. The Issuer's authorization of such provisions may be granted on such terms as the Issuer may determine in its sole and absolute discretion, including, without limitation, provision by the requesting Bondholder of indemnification satisfactory to the Issuer. Upon delivery of the above-referenced authorization the provisions of this Section 6.02 and Sections 6.03 through 6.10 shall be effective. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) The failure to pay any installment of principal or the redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The failure to pay any installment of interest on any Bond payable hereunder within five (5) calendar days after the Issuer's receipt of notice of the amount due and payable; or

(c) The failure by Issuer to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bond, and such failure shall continue for a period of sixty (60) days after written notice thereof to the Issuer and the Borrower by the Trustee or by the Owner of the Bond.

### **Section 6.03. Remedies.**

(a) Except as otherwise provided in this Article, the Trustee shall take only such actions in respect of an Event of Default as it shall be directed in writing to take by the Servicer, with acceptable indemnity to the Trustee. Such actions may include the following:

(i) Declaration of all Outstanding Bond to be immediately due and payable, whereupon such Bond shall become and be immediately due and payable, anything in the Bond

or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bond an amount equal to the total principal amount of the Bond, plus all interest accrued thereon and which will accrue thereon to the date of payment and all unpaid interest on the Bond on the date of payment.

(ii) Implementation of actions for the recovery of the amounts due on the Note, the Loan Agreement and the other Loan Documents;

(iii) Foreclosure or realization upon the collateral held by the Trustee for the obligations of the Borrower under the Loan Documents;

(iv) Implementation of such other rights and remedies as may be available under the Loan Documents, the Guaranty or applicable law.

(b) At any time after the principal of the Bond shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee (if so directed by the Servicer in the case of an Event of Default arising under Section 6.02(a) or (b)), shall annul such declaration and its consequences with respect to any amount of the Bond not then due by its terms. In such event, the Issuer, the Borrower, the Trustee and all of the Owners shall be restored to the same position as before the occurrence of the Event of Default. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

**Section 6.04. Additional Remedies and Enforcement of Remedies.** Upon the occurrence and continuation of any Event of Default, the Trustee shall at the written direction of the Servicer, upon receipt of acceptable indemnification, proceed forthwith to protect and enforce its rights and the rights of the Owner under the Act, the Bond and this Indenture by such suits, actions or proceedings as the Trustee shall be directed in writing by the Servicer.

**Section 6.05. Application of Revenues and Other Moneys After Default.**

(a) If an Event of Default shall occur and shall not have been remedied, the Trustee shall transfer to the Revenue Fund (i) forthwith, all moneys and securities then held in any other Fund or Account under this Indenture other than amounts held in the Rebate Fund and (ii) as promptly as practicable after receipt thereof, all revenues and other payments or receipts pledged under this Indenture and all proceeds realized as a result of remedial action under the Loan Documents, the General Partner Documents and the Guaranty.

(b) During the continuation of an Event of Default, the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of Trustee Expenses;

(ii) To the payment of the amounts required to reimburse the Owner of the Bond and the Issuer for any reasonable legal or other out of pocket costs incurred by them in connection

with such remedial action and the reasonable fees and expenses of the Issuer in carrying out this Indenture or the Loan Documents;

(iii) To the payment of the interest and principal installments or redemption price then due and payable on the Bond, as follows:

(A) Unless the principal of all of the Bond shall have become or have been declared due and payable;

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal installments or redemption price of any Bond which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full the Bond due and payable on any date, then to the payment thereof ratably, according to the amounts of principal installments or redemption price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(B) If the principal of the Bond shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bond without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference (except as to any difference as to the respective rates of interest specified in the Bond); and

(iv) Notwithstanding anything contained herein to the contrary, the Trustee shall, at the written direction of the Servicer and upon receipt of acceptable indemnification, apply funds, other than in the manner set forth above (except that the priority of payment of Trustee's fees and expenses shall not be altered), including, without limitation, the application of funds between the principal of or interest on the Bond. Any such direction by the Servicer shall be deemed conclusive, and the Issuer shall have no liability for the tax consequences of said determination.

**Section 6.06. Remedies Vested in Trustee.** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bond may be enforced by the Trustee without the possession of any of the Bond or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name under the authority herein granted without the necessity of joining as plaintiffs or defendants any Owner of the Bond. Any recovery of judgment shall be for the equal benefit of the Owner of the Outstanding Bond

#### **Section 6.07. Individual Bond Owner Action Restricted.**

(a) No Owner of any Bond other than the Trustee (if it is the Owner of the Bond) or the Majority Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust under this Indenture or for any remedy under this Indenture.

(b) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Owner of the Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date.

**Section 6.08. Termination of Proceedings.** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Owner of the Bond, the Issuer, the Trustee, the Borrower and the Owner of the Bond shall be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the such parties shall continue as if no such proceeding had been taken.

**Section 6.09. Waiver and Non-Waiver of Event of Default.**

(a) No delay or omission of the Trustee, the Servicer or the Owner of the Bond to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VI to any party may be exercised from time to time and as often as may be deemed expedient.

(b) In case of any waiver by the Trustee of an Event of Default under this Indenture, the Issuer, the Trustee and the Owner of the Bond shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

**Section 6.10. Trustee Controls Proceedings.** If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Trustee shall have the right, at any time, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture and subject to Section 7.02 of this Indenture; provided, however, that such direction is in accordance with law and the provisions of this Indenture; provided that nothing in this Section 6.10 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper nor shall it impair the Issuer's right to direct the Trustee to the extent permitted by Section 6.02.

**ARTICLE VII**  
**CONCERNING THE TRUSTEE**

**Section 7.01. Trustee; Appointment and Acceptance of Duties.**

(a) The Issuer 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.

(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 Issuer 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 the 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 delivery of a notice of redemption or the payment of principal and interest on the Bond, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own 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 by the Servicer, including foreclosure of the Property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owner of the Bond for purposes of enforcing the rights of the Owner of the Bond; provided, that without the prior written consent of the Issuer, the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights, which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.

(d) The Trustee shall not take any discretionary action under the Loan Documents (although 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 after receipt of said notice.

(f) Upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give telephonic notice, confirmed in writing, to the Borrower, the Issuer, the Owner and former Owner (provided that the Trustee shall not be obligated to maintain records of such former Owner or to retain records relating to such former Owner for more than six years).

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default under the Loan Agreement unless the Trustee shall have received written notice of such default by the Issuer, the Borrower, the Servicer or the Owner of the Bond.

(h) The Trustee is authorized and directed to execute in its capacity as Trustee the Loan Documents to which the Trustee party.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Servicer or a majority (or other percentage provided for herein) in aggregate principal amount of Bond outstanding relating to the exercise of any right, power or remedy available to the Trustee.

(k) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care. The Trustee is not responsible for the actions or omissions of the Servicer.

### **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 Trustee shall not be liable for any action taken or not taken in reliance upon the opinion or advice 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 Issuer to any Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Issuer Representative.

(c) As to the existence or nonexistence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by an Authorized Issuer Representative as sufficient evidence of the facts stated therein as the same appear from the books and records under the City Clerk's or any assistant City Clerk's custody or control or are otherwise known to such officer. The Trustee may accept a certificate of an Authorized Issuer Representative, City Clerk or any assistant City Clerk to the effect that a motion, resolution or ordinance in the form therein set forth has been adopted by the governing body of the Issuer as conclusive evidence that such motion or resolution has been duly adopted, and is in full force and effect, and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

**Section 7.04. Compensation; No Trustee Liens.** The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture.

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

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



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

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

**Section 7.08. Appointment of Successor Trustee; Temporary Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee, with the consent of the Servicer, by an instrument or concurrent instruments in writing signed by the Issuer.

**Section 7.09. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer, Borrower 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 on the written request of the Issuer 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 Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

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

**Section 7.11. Servicer.** The Majority Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the Issuer 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 Majority Owner, by written notice to the Issuer, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner. The Servicer may, with the prior written consent of the Majority Owner, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement. Notwithstanding the foregoing, East West shall be the Servicer until such time as neither the letter of credit issued by East West to Boston Private pursuant to the Construction Disbursement Agreement nor any obligation under any "Credit Document" (as defined in the Construction Disbursement Agreement) is any longer outstanding; shall not be required to enter into any Servicing Agreement; and may be removed as Servicer only pursuant to the terms of the Intercreditor Agreement.

**Section 7.12. Co-Trustee.** At any time or times upon the consent of the Issuer, Servicer and Owner, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power to appoint one or more persons either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 7.12. Every such co-trustee or separate trustee appointed pursuant to the provisions of this Section 7.12 must be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(a) Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) all rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee;

(ii) all rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees; provided, however, the Trustee shall remain responsible for exercising all rights and powers, maintaining all trusts and performing all duties and obligations conferred or imposed upon the trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which

event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees;

(iii) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee;

(iv) any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(v) the Trustee at any time, by an instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 7.13. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.13;

(vi) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(vii) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee; and

(viii) any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

(b) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, such co-trustee or separate trustee shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

(c) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

**Section 7.13. Bond Registrar.** The Issuer hereby appoints the Trustee as Bond Registrar under this Indenture.

## ARTICLE VIII

### AMENDMENTS AND SUPPLEMENTAL INDENTURES; AMENDMENTS OF ISSUER DOCUMENTS

#### **Section 8.01. Supplemental Indentures Not Requiring Consent of Owner of Bond.**

The Issuer and the Trustee may, without the consent of, or notice to, the Owner of the Bond (but only with the prior written consent of the Servicer, and with notice to the Borrower), enter into one or more Supplemental Indentures for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owner of the Bond or the Trustee, or to make any change which, in the judgment of the Servicer, is not to the prejudice of the Owner of the Bond;
- (c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral; or
- (d) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from gross income of the Owner for purposes of federal income taxation of interest on the Bond.

#### **Section 8.02. Supplemental Indentures Requiring Consent of Owner of Bond.**

- (a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owner of the Bond.
- (b) If at any time the Issuer 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 Issuer following the giving of such notice, the Owner of the Bond at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of the Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or

from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 8.03. Reliance on Opinion of Counsel.** The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the Issuer and the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bond to be includable in gross income of the Owner 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 Bond to the Borrower and the Servicer at least 10 days before the date of its proposed execution and delivery.

**Section 8.05. Amendments of Loan Documents Not Requiring Consent of Owner of Bond.** The Issuer, the Trustee and the Borrower may, without the consent of or notice to the Owner of 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 Owner of Bond.** Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owner of the Bond; provided, however, that nothing in this Section or Section 8.05 hereof shall permit or be construed as permitting without the consent of the Owner of the Bond (a) an extension of the time of the payment of any amounts payable under the Loan Documents, or (b) a reduction in the amount of any payment or in the total amount due under the Loan Documents. If at any time the Issuer, 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 at the time of the execution of any

such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of 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 Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer, 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 Owner of the Bond. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the Issuer Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

## **ARTICLE IX**

### **DISCHARGE**

**Section 9.01. Discharge of Indenture.** If the Issuer shall pay, or there shall otherwise be paid, to the Owner of the Bond the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owner of 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 Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture after the payment of principal or redemption price, if applicable, of or interest on the Bond. Notwithstanding the foregoing, the provisions contained in Sections 2.02(e), 2.02(f), 2.02(g) and 5.08 of this Indenture and the provisions of Sections 5.18(c) and 5.19 of the Loan Agreement shall survive the discharge of the Indenture and 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 in whole or in part 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 up to an amount necessary to pay in full all of the principal of and interest on the Bond through such cancellation and any

other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

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

## **ARTICLE X**

### **MISCELLANEOUS**

#### **Section 10.01. Evidence of Signatures of Bond 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 such Owner in person or by their 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 such Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

**Section 10.02. Bond Not an Obligation of the State or Any Political Subdivision.** THE BOND IS ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT, AND IS A LIMITED OBLIGATION OF THE ISSUER. NEITHER THE CITY COUNCIL OF THE ISSUER NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER NOR ANY PERSON EXECUTING THE BOND SHALL BE LIABLE PERSONALLY ON THE BOND OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF SUCH BOND OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY PLEDGED THEREFOR. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO. THE BOND IS NOT A DEBT OF THE UNITED STATES OF AMERICA.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY BOND OR FOR ANY CLAIM BASED THEREON OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT IN THIS INDENTURE CONTAINED, AGAINST, THE ISSUER, ANY PAST, PRESENT OR FUTURE MEMBER OF ITS GOVERNING BODY, ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS OR STAFF OR THE OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS OR STAFF OF ANY SUCCESSOR PUBLIC ENTITY, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR PUBLIC ENTITY, UNDER ANY RULE OF LAW OR PENALTY OF OTHERWISE, AND ALL SUCH LIABILITY OF THE ISSUER, ANY MEMBER OF ITS GOVERNING BODY AND ITS OFFICERS, ATTORNEYS, ACCOUNTANTS, FINANCIAL ADVISORS, AGENTS AND STAFF IS HEREBY, AND BY THE ACCEPTANCE OF THE BOND, EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION OF THIS INDENTURE AND THE ISSUANCE OF THE BOND.

**Section 10.03. Preservation and Inspection of Documents.** All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer,



any other Trustee, and any Owner of the Bond and their agents and their representatives, any of whom may make copies thereof.

**Section 10.04. Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Servicer, the Borrower and the Owner of the Bond.

**Section 10.05. No Recourse on the Bond.** No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the Mayor, City Council or any of the members, officers, agents or employees of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the Issuer's Mayor, the City Council or of any such member, officer, agent or employee, as such, past, present or future of the Issuer by reason of any act or omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond. Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Owner as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any recordkeeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee or the Owner and (c) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the Mayor, the City Council or any officer, member, agent or employee of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Mayor of the City Council in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or

personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

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

**Section 10.07. Successors.** Whenever in this Indenture the Issuer is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Issuer under the Act, and all the covenants and agreements contained in this Indenture by or on behalf of the Issuer shall bind and inure to the benefit of 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 Issuer 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 Issuer 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 charge shall be effective upon receipt.

**Section 10.09. Applicable Law.** This Indenture shall be governed exclusively by the applicable laws of the State.

**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. [Reserved].**

**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. Request and Indemnification.** If any consent or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it, including any fees due pursuant to the Regulatory Agreement.

**Section 10.14. Nondiscrimination and Affirmative Action.** The Trustee shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. Trustee shall not discriminate

in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.R.F. Part 60). The Trustee shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Trustee shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Indenture. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 10.15. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the Issuer's Business Tax Ordinance (Article 1, Chapter 2, section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Indenture, the Trustee shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it, subject to any exemption available to it, under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 10.16. Child Support Assignment Orders.** This Indenture is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Trustee certifies that: (1) it will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the principal owner(s) of the Trustee are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) it will maintain such compliance throughout the term of this Indenture. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after

notice of such failure to the Trustee by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Trustee to obtain compliance of its subcontractors shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. The Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Trustee hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code 7110.

**Section 10.17. Americans with Disabilities Act.** The Trustee shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the “ADA”). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

ISSUER:

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

MICHAEL N. FEUER  
City Attorney

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

[Issuer signature page to Indenture]

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TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION

By \_\_\_\_\_

Name: Julia Hommel

Title: Vice President

[Trustee signature page to *Normandie* Indenture]

S-2

Approved this [\_\_\_\_] day of [\_\_\_\_], 2015.

BOSTON PRIVATE BANK & TRUST  
COMPANY, a Massachusetts Trust Company,  
as Owner

By \_\_\_\_\_  
Sylvia Bettencourt, Vice President

[Bond Owner signature page to *Normandie* Indenture]

S-3

**EXHIBIT A**  
**FORM OF BOND**

EXCEPT AS EXPRESSLY PROVIDED IN THE INDENTURE THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933 AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

No. R-\_\_\_\_

\$[\_\_\_\_\_]

**UNITED STATES OF AMERICA**  
**STATE OF CALIFORNIA**  
  
**CITY OF LOS ANGELES**  
**MULTIFAMILY HOUSING REVENUE BOND**  
**(NORMANDIE SENIORS APARTMENTS),**  
**SERIES 2014G**

Dated Date: \_\_\_\_\_, 2015

Registered Owner: BOSTON PRIVATE BANK & TRUST COMPANY

Maturity Date: [\_\_\_\_\_ 1, 20\_\_]

Interest Rate: As stated below

CITY OF LOS ANGELES (the “Issuer”), a charter city and municipal corporation, of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of \$4,812,500, or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bond and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank National Association or its successor as trustee (the “Trustee”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer to



the record Owner of the Bond as the same appears upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is the Bond of the Issuer designated City of Los Angeles Multifamily Housing Revenue Bond (Normandie Seniors Apartments), Series 2014G and issued in the aggregate principal amount of \$4,812,500 (the "Bond") which is issued for the purpose of funding a loan to Normandie Senior Housing Preservation, L.P., a California limited partnership (the "Borrower"), in order to finance a portion of the costs of the acquisition, rehabilitation and equipping of a 74-unit (plus 1 manager unit) multifamily residential housing project in Los Angeles, California (the "Project"). This Bond is issued pursuant to and in compliance with Section 248, as amended, of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of Los Angeles Administrative Code, as amended (the "Law") and in accordance with Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") and a resolution of the City Council of the Issuer.

THE BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE HOLDER OF THE BOND WILL PURCHASE THE PRINCIPAL AMOUNT OF THE BOND IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 3.01(b) OF THE INDENTURE. ACCORDINGLY, THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED BY THE HOLDER AND IS OUTSTANDING AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THE BOND AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THE BOND IN ACCORDANCE WITH THE TERMS OF SECTION 3.01(b) OF THE INDENTURE, THE TRUSTEE WILL NOTE ON A LOG MAINTAINED BY THE TRUSTEE FOR SUCH PURPOSE THE PRINCIPAL AMOUNT OF THE BOND SO PURCHASED, THE DATE OF SUCH PURPOSE AND THE IDENTITY OF SUCH PURCHASER. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THE BOND WHICH HAS BEEN PURCHASED AND IS OUTSTANDING. IF PRESENTED TO THE TRUSTEE BY THE HOLDER OF THIS BOND, THE PRINCIPAL AMOUNT OF THE BOND PURCHASED BY THE OWNER OF THIS BOND WILL BE NOTED BY THE TRUSTEE ON SCHEDULE A ATTACHED TO THIS BOND.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of February 1, 2015 between the Issuer and the Trustee (as amended and supplemented from time to time, the "Indenture"), the Law and the Act (as such terms are defined in the Indenture). Reference is made to the Indenture, the Law and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bond issued under the Indenture is expressly limited to [\$4,812,500] in aggregate principal

amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the “Loan Agreement”) and that Promissory Note dated as of February 1, 2015, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bond.

THE OBLIGATIONS OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (i) THE PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT BY THE BORROWER, AND THE SECURITY THEREFOR PROVIDED BY THE MORTGAGE (AS THAT TERM IS DEFINED IN THE INDENTURE) AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (ii) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

THIS BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE REVENUES AND PROPERTY PLEDGED THEREFOR IN THE INDENTURE, AND NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY SUCH POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.

NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THIS BOND, SHALL BE LIABLE PERSONALLY ON THIS BOND OR FOR ANY REASON RELATING TO THE ISSUANCE OF THIS BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND, OR FOR ANY CLAIM BASED ON THIS BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THIS BOND, EXPRESSLY WAIVED AND RELEASED.

**Interest Rates.** This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. Interest on this Bond shall be computed on the basis of a 360-day year, for the number of days actually elapsed.

“*Reset Variable Rate*” means a variable rate of interest equal to 65% of LIBOR plus 930 basis points effective from and after the 16th anniversary of the Conversion Date.

“*Term Variable Rate*” means a variable rate of interest equal to 65% of one-month LIBOR plus 230 basis points effective from and after the Conversion Date to the 16th anniversary of the Conversion Date.

*“Variable Rate”* means a variable rate of interest equal to 80% of the Federal Home Loan Bank Classic Advance 1 Month Regular Advance Rate that is current two days prior to the Interest Payment Date, plus 150 basis points for the for the Bond from the Closing Date to the Conversion Date.

**Alternative Rate; Taxable Rate.** Following the occurrence of an Event of Default under the Loan Agreement, the Bond shall bear interest at the Alternative Rate, as that term is defined in the Indenture. If a Determination of Taxability occurs with respect to the Bond, this Bond shall bear interest from the date of the Determination of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest, as provided in the Indenture.

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

**Registration and Transfer.** THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Bond is issuable as a fully registered Bond in an Authorized Denomination as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

**Redemption of Bond.** This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

**Enforcement.** Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

**Discharge.** The Indenture prescribes the manner in which it may be discharged and after which the Bond shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of the Bond and of such payment.

**Modifications.** Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

[Signature page to follow]

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, including the Law and the Act.

The Issuer has caused this Bond to be duly executed in its name by the facsimile signature of its Mayor under its official seal, or a facsimile, and attested by the facsimile signature of its City Treasurer all as of the above Dated Date.

CITY OF LOS ANGELES

By \_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Treasurer

(SEAL)

## FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

Date of Authentication: \_\_\_\_\_

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name of Transferee

\_\_\_\_\_  
Signature Guaranteed by

\_\_\_\_\_  
Name of Bank

By \_\_\_\_\_

Title \_\_\_\_\_

**SCHEDULE A**  
**[\$4,812,500]**  
**CITY OF LOS ANGELES**  
**MULTIFAMILY HOUSING REVENUE BOND**  
**(NORMANDIE SENIORS APARTMENTS),**  
**SERIES 2014G**

**Draw-Down Purchases**

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

<b>Date of Draw-Down</b>	<b>Name of Registered Owner</b>	<b>Principal Amount</b>	<b>Signature of Bond Registrar</b>
			<hr/>
			<hr/>
			<hr/>
			<hr/>
			<hr/>
			<hr/>



**EXHIBIT B**  
**FORM OF INVESTOR LETTER**

\_\_\_\_\_, 20\_\_\_\_

City of Los Angeles  
Los Angeles, California  
Attention: Yaneli Ruiz

U.S. Bank National Association  
Los Angeles, California

Kutak Rock LLP  
Los Angeles, California

Re: City of Los Angeles Multifamily Housing Revenue Bond (Normandie Seniors Apartments), Series 2014G

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-referenced bond (the “Bond”) issued pursuant to that certain Trust Indenture, dated as of February 1, 2015 (the “Indenture”), between the City of Los Angeles (the “Issuer”) 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 Normandie Seniors Apartments and the revenues therefrom, and will be sold to the Investor in reliance 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 Documents. 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 Issuer, by each employee of the Issuer, by each member of the City Council of the Issuer, and by counsel to the Issuer, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bond and the Investor’s purchase of the Bond. The Investor recognizes and agrees that the Issuer, each employee of the Issuer, each member of the City Council of the Issuer, counsel to the Issuer, 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 Issuer, the Borrower, the Project and the terms of the Bond.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Issuer 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 in whole (but not in part), at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bond may only be transferred in whole.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the “1933 Act”), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bond and the Indenture, including the prior written consent of the Issuer (except as may be permitted by the Indenture). The Investor further agrees that the Bond will not be transferred to or held in a pool, trust or similar arrangement.

7. The Investor is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 (“Rule 144A”) and it understands that the Bond may be offered, resold, pledged or transferred only to a person who is a “qualified institutional buyer,” as defined in Rule 144A (“QIBs”), in compliance with 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 consent of the Issuer referenced in Section 6 above and the Indenture.

9. Neither the Trustee, the Bond Counsel to the Issuer, the Issuer, 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 Purchaser from any source regarding the Project, the Issuer, 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, (b) the Offering Information and any additional information specifically requested from the Issuer 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 Issuer, 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 Issuer, payable solely from amounts provided by or at the direction of the Borrower, and are not obligations payable from the general revenues or other funds of the Issuer, the State of California or any other political subdivision of the State of California. The Investor acknowledges that the Issuer 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 undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to make the certifications, representations and warranties contained herein.

13. 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.

14. The Investor acknowledges that no offering document has been produced in connection with the issuance or sale of the Bond.

15. The Investor agrees to indemnify and hold harmless the Issuer, the Issuer's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the governing board of the Issuer past, present and future and the Trustee 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.

[Remainder of page left intentionally blank]

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Very truly yours,

BOSTON PRIVATE BANK & TRUST  
COMPANY, as Purchaser

By \_\_\_\_\_  
Sylvia Bettencourt, Vice President

Dated: [\_\_\_\_], 2015

**EXHIBIT C**

[\$4,812,500]

City of Los Angeles  
Multifamily Housing Revenue Bond  
(Normandie Seniors Apartments),  
Series 2014G

**REDEMPTION SCHEDULE**

<b>Date of Redemption</b>	<b>Amount of Redemption</b>
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## EXHIBIT D

### FORM OF REQUISITION CERTIFICATE (PROJECT FUND)

Date: \_\_\_\_\_, \_\_\_\_

#### REQUISITION CERTIFICATE

TO: U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE UNDER THAT INDENTURE OF TRUST DATED AS OF FEBRUARY 1, 2015 BETWEEN CITY OF LOS ANGELES AND THE TRUSTEE (THE "INDENTURE").

NORMANDIE SENIOR HOUSING PRESERVATION, L.P., a California limited partnership (the "Borrower"), hereby requests that the following amounts be paid from the [Loan Account/Equity Account of the] Project Fund consisting of \$\_\_\_\_\_ [proceeds of the Bond] (as defined in the Indenture) for payment to the following payees for the following purposes:

Amount	Payee and Address	Purpose
\$_____		

The Borrower hereby certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Project and are presently due and payable and that each item thereof is a proper charge against the Project Fund and has not been the subject of a previous withdrawal from the Project Fund;

(b) to the best of the undersigned's knowledge there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation;

(c)(i) obligations as stated on the requisition have been properly incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (iii) if contested, bond has been made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition is vested in the Borrower;

(e) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Regulatory Agreement;

(f) such disbursement when added to all other disbursements made to date from proceeds of the Bond results in at least 95% of the proceeds of the Bond, including investment earnings, having been used for Qualified Project Costs; and

(g) all representations and warranties of the Borrower contained in the Loan Agreement are on the date hereof true and accurate.

Requested this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**NORMANDIE SENIOR HOUSING  
PRESERVATION, L.P.**, a California limited  
partnership

By Normandie Non-Profit Housing, Inc., a  
California nonprofit public benefit  
corporation, its General Partner

By: \_\_\_\_\_  
Name: Herbert Marshall  
Title: Chairman of the Board

Approved this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**EAST WEST BANK,**  
as Servicer

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

For Issuer consent requirements, see Section 5.02(b) of the Indenture.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

**CITY OF LOS ANGELES**, as Issuer

By \_\_\_\_\_  
Authorized Officer

[Issuer signature page to Requisition Certificate]



**LOAN AGREEMENT**

between

**CITY OF LOS ANGELES,**  
as Issuer

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

and

**ONE WILKINS PLACE PRESERVATION, L.P.,**  
as Borrower

relating to

\$3,025,000  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(One Wilkins Place Apartments),  
Series 2014F

Dated as of January 1, 2015

The interest of the City of Los Angeles (the “Issuer”) in this Loan Agreement has been assigned (except for certain “Reserved Rights” as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to 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** (together with all supplements, modifications and amendments thereto, this “**Loan Agreement**”) is dated as of January 1, 2015, among **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California (together with its successors and assigns, the “**Issuer**”), **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 **ONE WILKINS PLACE PRESERVATION, L.P.**, a California limited partnership (together with its successors and assigns, the “**Borrower**”).

### WITNESSETH:

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

WHEREAS, Issuer is authorized by pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “**Law**”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “**Act**”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto; and

WHEREAS, on September 9, 2013, the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, rehabilitation and equipping of One Wilkins Place Apartments, a multifamily residential rental housing project to be located in the City of Los Angeles at 1071 East 48<sup>th</sup> Street, Los Angeles, California, on the site more particularly described in Exhibit A hereto (the “**Project**”) and the City Council of the Issuer subsequently adopted resolutions dated July 1, 2014 and January [\_\_\_], 2015 (together, the “**Resolution**”) authorizing the issuance of bonds for such purpose; and

WHEREAS, the Issuer has determined to issue its City of Los Angeles Multifamily Housing Revenue Bond (One Wilkins Place Apartments), Series 2014F in the maximum principal amount of \$3,025,000 (referred to in this Loan Agreement as the “**Bond**”), pursuant to the Trust Indenture (the “**Indenture**”) dated as of even date herewith, executed by the Issuer and the Trustee, for the purpose of providing funding necessary for the acquisition, rehabilitation and equipping by the Borrower of the Project; and

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

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated as of even date herewith in an original principal amount equal to the maximum original principal amount of the Bond in substantially the form set forth on Exhibit B hereto, as it may be amended and restated 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 (i) 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”), and (ii) 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”) each dated as of even date with this Loan Agreement, for the benefit of the Issuer as secured party;

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

## ARTICLE I

### DEFINITIONS

**Section 1.01. 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 Forman, Richter and Rubin, 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.

“*Actual Operating Revenue*” means, with respect to any period of time, all income, computed on an annualized basis in accordance with generally accepted accounting principles, collected from the ownership and operation of the Property from whatever source (other than any source affiliated with Borrower or any Guarantor), including Rents, utility charges, escalations, service fees or charges, license fees, parking fees, and other required pass-throughs, but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds from tenants, uncollectible accounts, sales of furniture, fixtures and equipment, interest income, condemnation awards, insurance proceeds (other than business interruption or other loss of income insurance), unforfeited security deposits, utility and other similar deposits, income from tenants not paying rent, income from tenants in bankruptcy, and non-recurring or extraordinary income, including lease termination payments. Actual Operating Revenue shall be net of rent concessions and credits. Actual Operating

Revenue shall be subject to appropriate seasonal and other adjustments in Bank's reasonable discretion.

*"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 Birba Group.

*"Architect's Contract"* means the AIA Standard Agreement, dated [ ], 20[ ], between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the rehabilitation and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.

*"Bank"* means Boston Private Bank & Trust Company, a Massachusetts Trust Company, and its successors and assigns.

*"Calculation Period"* means the most recently ended six (6) month period ending on the last day of the applicable reporting period for which Bank requires financial statements.

*"Cash Collateral Account"* has the meaning set forth in Section 5.15(e)(i).

*"Capital Expenditures"* means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation or replacement of the Project.

*"Capital Obligations"* means Investor Limited Partner's capital contributions to Borrower in the total amount of [ ] and NO/100 Dollars (\$ [ ]) as set forth in, evidenced by, and subject to the conditions of the Partnership Agreement.

*"Cash Sweep"* has the meaning set forth in Section 5.15(e)(i).

*"Cash Sweep Termination Date"* means the first day of the calendar month following a Sweep Date when any of the following has occurred: (a) if the Cash Sweep was established due to a breach of any of Sections 5.03 (a)(i)-(iii), (b), (e) or (h), then upon the receipt of such delinquent reports; (b) if the Cash Sweep was established due to a breach of Section 5.15(b), then upon accumulation of the requisite amount required, if such amounts were used to prepay a like principal amount of the Loan, to achieve an 80% Loan-to-Value Ratio in the Cash Collateral Account (as set forth in Section 5.15(f)(i)); *provided however*, Borrower may not obtain a release of the funds contained in the Cash Collateral Account until the Bank has received and approved of a third-party appraisal commissioned and paid for by Borrower demonstrating a Loan-to-Value Ratio of less than or equal to eighty percent (80%); (c) if the Cash Sweep was established due to a breach of Sections 5.15(c) or 5.15(d), then either (i) once Borrower has achieved a Debt Service Coverage Ratio greater than or equal to 1.15 to 1.00 (determined based on a 12-month rolling calculation) and no Event of Default set forth in Sections 7.01(a) through 7.01(u) is then continuing, in which case the Cash Sweep will cease, and funds from the Cash Collateral

Account will be returned to Borrower at Borrower's request; or (ii) once the funds contained in the Cash Collateral Account exceed twelve (12) months of Debt Service and Borrower has achieved a minimum Debt Service Coverage Ratio greater than or equal to 1.10 to 1.00 (determined based on a 12-month rolling calculation), in which case the Cash Sweep will cease, and Bank will continue to hold funds in the Cash Collateral Account until Borrower achieves a Debt Service Coverage Ratio of 1.15 to 1.00; or (d) if the Cash Sweep was established due to a breach of Section 5.15(e), upon receipt of evidence to the Bank's satisfaction that the sum of funds held in the Cash Collateral Account established due to a failure to satisfy the Leverage Covenant plus the General Partner's Unrestricted Net Assets together satisfy the Leverage Covenant described in such Section.

-*"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.

*"Completion Agreement"* means Completion Agreement by BlueGreen Guarantor and General Partner in favor of the Issuer.

*"Construction Contract"* means the contract, dated [ ], 20 between the Borrower and the Contractor, providing for the rehabilitation 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 Shangri-La Construction, LP.

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

*"Debt Service"* means the actual principal (if any) and interest payable under the Loan during the applicable Calculation Period.

*"Debt Service Coverage Ratio"* means as of any Debt Service Coverage Ratio Testing Period, the ratio, as determined by Bank, of Net Operating Income to Debt Service based on management prepared financial statements and, for the period ending on December 31, confirmed with audited financial statements .

*"Debt Service Coverage Ratio Testing Period"* means, the 12 month period ending on each Determination Date.

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



*“Determination Date”* means, each June 30 and December 31 following the Conversion Date.

*“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 rehabilitate and equip the Improvements in accordance with the Plans and Specifications.

*“Excess Cash Flow”* means, for any calendar month, an amount equal to:

(a) actual gross revenues of Borrower for such calendar month attributable to the Property (including, without limitation, all rentals, room charges, service and other fees or charges, license fees, parking fees and other revenues and cash payments of any kind received by the Borrower), less

(b) an amount equal to (i) actual operating expenses paid by Borrower during such calendar month and attributable to the Property (provided, that such calculation shall (A) include management fees paid or payable and allocable to such month pursuant to a property management agreement approved by the Bank, (B) include any reserves funded pursuant to the terms of the Loan Documents or which are otherwise deemed necessary by Borrower for the operation, maintenance or improvement of the Property and approved by Bank in its reasonable discretion; (C) include any tax credit adjusters under the Partnership Agreement or asset management fee payable to the Investor Limited Partner, each as set forth in the Partnership Agreement; and (D) exclude depreciation, amortization, other non-cash items and any amounts payable to affiliates of the Borrower (other than management fees referenced in clause (b)(i)(A) above and payments under (b)(i)(C) above)), plus (ii) the pro-rated portion of income taxes (if any) and any other annual payments which are not paid evenly over a 12-month period (such as audit expenses) allocable to such calendar month, together with principal and interest paid with respect to the Loan for such calendar month.

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

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

*“General Partner”* means Concerned Citizens of South Central Los Angeles, a California nonprofit public benefit corporation, together with any permitted successors and assigns as general partner of Borrower.

*“General Partner Documents”* means the Environmental Indemnity.

*“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 rehabilitation, equipping and operation of the Project thereon.

*“Guarantor Documents”* means the Environmental Indemnity, the Payment Guaranty and the Completion Agreement.

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

*“Improvements”* means the 17-unit (plus one manager’s unit) multifamily rental housing project with related site improvements and amenities located on the Land and rehabilitated, 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.

*“Indemnified Costs”* means all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), including those incurred in connection with any investigation of site conditions or any remedial, removal or restoration work (whether of the Project or any other property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources, but excluding any Costs (as defined in the Indemnity Agreement), which Costs are subject to payment as is set forth in the Indemnity Agreement. Borrower shall not settle or compromise a claim giving rise to liability on the part of an Indemnified Party without the approval of such Indemnified Party.

*“Indemnified Party”* or *“Indemnified Parties”* means and includes the Trustee, Issuer, Servicer and the Majority Owner, its parent, subsidiary and affiliated companies, assignees of any of Servicer’s or Majority Owner’s interest in the Loan or the Loan Documents, owners of other interests in the Loan or the Loan Documents, any purchasers of the Project at any

foreclosure sale or from Majority Owner or any of its affiliates, and the officers, directors, employees and agents of each of them, past, present and future.

*“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, the Issuer or the Majority 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 owner of the Bond for federal income tax purposes.

*“Interest Rate Cap Contract”* means any agreement, whether or not in writing, relating to any Interest Rate Cap Transaction, including any master agreement, entered into prior to the date hereof or any time after the date hereof, between Interest Rate Cap Counterparty and Borrower (or its Affiliate), together with any related schedules and confirmations, as the same may be amended, restated, replaced, supplemented, superseded or otherwise modified from time to time in accordance with its terms, relating to or governing any or all of the foregoing.

*“Interest Rate Cap Counterparty”* means Boston Private Bank & Trust Company, or an Affiliate of Boston Private Bank & Trust Company, in its capacity as counterparty under any Interest Rate Cap Contract.

*“Interest Rate Cap Transaction”* means any transaction that is a rate swap, basis swap transaction, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, note or bill option, interest rate option, forward foreign exchange transaction, cap transaction, spot or floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, swap option, currency option, credit swap or default transaction, T-lock, or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, entered into prior to the date hereof or any time after the date hereof between Interest Rate Cap Counterparty and Borrower (or its Affiliate) so long as a writing, such as an Interest Rate Cap Contract, evidences the parties’ intent that such obligations shall be secured by the Mortgage in connection with the Loan.

*“Investor Limited Partner”* means WNC Institutional Tax Credit Fund X California Series 12, L.P., a California limited partnership, together with its permitted successors and assigns as limited partner in Borrower.

*“Issuer’s Fee”* means the fees described in the Regulatory Agreement, including, but not limited to, Sections 7(n) and (o) thereof.

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

“*Letter of Credit*” means that certain Irrevocable Letter of Credit No. 15OSL[\_\_\_\_], issued by East West Bank, for the benefit of Bank, dated as of January \_\_, 2015 in a stated amount of \$[\_\_\_\_\_].

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

“*Liquidity Reserves*” means a liquidity reserve account, to be opened and maintained at the Bank upon the Conversion Date in accordance with Section 5.22(i) of this Loan Agreement.

“*Loan-to-Value Ratio*” means the total unpaid principal amount of the Loan divided by the appraised “As-Is” value of the Property. The appraised “As-Is” value of the Property shall be based upon the most recent appraisal prepared by a third-party appraiser acceptable to Bank. The appraisal shall be satisfactory to Bank in all respects, as reviewed, adjusted and approved by Bank. For purposes of this ratio only, the Bank shall only be entitled to commission an appraisal on or about each five year anniversary of the Conversion Date

“*Management Agreement*” means the Property Management Agreement dated as of [ ], 20 , [as amended by an amendment dated as of 1, 20 ,] between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

“*Manager*” means Concerned Citizens of South Central Los Angeles, or any successor manager of the Project approved by the Bank, (which approval of the Bank shall not be unreasonably withheld) and the Issuer (which approval of the Issuer shall not be unreasonably withheld and shall be deemed granted if not rejected within 10 days of receipt of written request therefor).

“*Net Operating Income*” means, for any period, actual Project Revenues for such period less the Operating Expenses for such period.

“*Obligations*” means all present and future debts, obligations and liabilities of Borrower to Bank arising pursuant to, or on account of, the provisions of this Agreement, the Note or any of the other Loan Documents, including the obligations: (a) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the Note; (b) to pay all expenses, indemnification payments, fees and other amounts due at any time under the Mortgage or any of the other Loan Documents, together with interest thereon as provided in the Mortgage or such Loan Document; (c) to pay and perform all obligations of Borrower (or its Affiliate) under any Interest Rate Cap Contract; and (d) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower is required to

perform, observe or comply with pursuant to the terms of this Agreement, the Mortgage or any of the other Loan Documents. Notwithstanding any language contained in the Loan Documents, the Obligations of Borrower to pay and perform under the Environmental Agreement are unsecured.

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

*“Operating Deficit Guaranty Period”* means the period beginning on the Conversion Date, and continuing for a period of 36 months thereafter.

*“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 multifamily 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; noncapital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the management agreement approved by the Bank; 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; payments made into the Replacement Reserves; 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 noncash 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; expenditures funded by disbursements from any reserves; 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 Issuer or the Trustee after an Event of Default, and franchise and income taxes of the Borrower.

*“Operating Reserves”* means an operating reserve account, to be opened and maintained at the Bank upon the Conversion Date in accordance with Section 5.22(e) of this Loan Agreement.

*“Organizational Documents”* means for any corporation, partnership, trust, limited liability company, limited liability partnership, unincorporated association, business or other legal entity, the documents pursuant to which such entity has been established or organized, as

such documents may be amended from time to time in accordance with the terms of this Loan Agreement.

*“Origination Fee”* means \$30,250 an amount equal to 1% of the maximum principal amount of the Loan.

*“Partnership Agreement”* means the Amended and Restated Agreement of Limited Partnership of One Wilkins Place Preservation, L.P. dated as of January [\_\_\_], 2015 among the General Partner, the Investor Limited Partner and WNC Housing, L.P. as “Special 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.

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

*“Plans and Specifications”* means the plans and specifications for the Project prepared by the Architect and more particularly described in the 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, rehabilitation 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 rehabilitation and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements.

*“Projected Operating Expenses”* means \$[ ] per annum (as may be increased on an annual basis subject to the Servicer’s review and consent of the Proposed Budget), 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 rehabilitation 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), plus all required deposits into the Replacement Reserves and Operating Reserves.

*“Project Revenues”* means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof, adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service, parking income and draws from the Rent Subsidy Account according to the Rent Transition Plan, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards and (iv) security deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases.

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

*“Property Value”* means the “as-is” appraised value of the Property (taking into account the value of any federal low income housing tax credits to be allocated to the Project), as determined by an appraisal commissioned and performed by an appraiser acceptable to the Bank following completion of the Project.

*“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.

*“Rent Transition Plan”* means a written plan, approved by the Servicer, that sets forth Borrower’s anticipated increase in tenant rents to the extent permitted under the California Tax Credit Allocation Committee rental guidelines as set forth in Exhibit G incorporated herein by reference, which plan shall remain in place for a period of forty-two (42) months from the Closing Date.

*“Rent Transition Plan DSCR Calculation”* means, an alternative calculation of the Debt Service Coverage Ratio, to be applied during the term of the Rent Transition Plan. The Rent Transition Plan DSCR Calculation will be calculated based on rent levels based on TCAC guidelines and approved by Majority Owner (the “Rent Transition Plan Approved Rents”), in lieu of actual rents received from Tenants, to be calculated as follows: the Rent Transition Plan Approved Rents, reduced by a theoretical 5% vacancy rate and by actual Operating Expenses of the Property, as approved by the Majority Owner.

*“Rent Subsidy Account”* means a capitalized account, to be opened and maintained at the Bank in accordance with Section 5.22(f) of this Loan Agreement.

*“Replacement Reserves”* means a replacement reserve account, to be opened and maintained at Bank upon the first anniversary of the Conversion Date in accordance with Section 5.22(e) of this Loan Agreement.

*“Required Equity Funds”* means contributions by Investor Limited Partner under the Partnership Agreement.

*“Reserved Rights”* means, means rights of the Issuer, its members, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to enforce and receive payments of money directly and for its own purposes under Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(l), 3.02(b), 3.02(d), 3.02(e), 5.03, 5.06, 5.13, 5.14, 5.19, 5.21(b), 6.03(a)(ii), 7.04 and 7.08 (as it relates to the Issuer) of this Agreement, the Issuer’s rights to indemnification, to receive notices and the right to enforce such rights, including the Issuer’s rights under and relating to the enforcement of the Regulatory Agreement, to receive the Rebate Amount under this Agreement, its rights of access, and to the extent not included above, the rights specifically reserved by the Issuer under the Indenture.

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

*“Special Limited Partner”* means, initially WNC Housing, L.P., as special limited partner of the Borrower, and all successors and assigns under the Partnership Agreement.

*“Special Reserve Account”* means a reserve account, to be opened and maintained at Bank upon the first anniversary of the Conversion Date if required in accordance with Section 5.22(g) of this Loan Agreement.

*“Subordinate Loans”* means those certain loan funds in the original principal amount of [\$\_\_\_\_\_], secured by that certain [Deed of Trust], recorded on [DATE] in the official records of the Los Angeles County Registrar-Recorder’s Office as document number [\_\_\_\_\_].

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

*“Title Insurance Company”* means North American Title Insurance Company.

*“Title Policy”* means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Servicer and, its successors and assigns, as their interests may appear (with such with customary endorsements, 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.



“*Trustee Fee*” means the annual administration fees of the Trustee, for the ordinary services of the Trustee rendered under the Indenture during each 12-month period and shall be equal to 0.10% of : (i) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (ii) following the Conversion Date, the outstanding principal amount of the Bond, with an annual minimum fee of \$1,200, payable annually in arrears on each January 1 commencing January 1, 2016.

“*Unrestricted Net Assets*” means assets of a nonprofit which are not subject to any designation, reservation, pledge or restriction and which can be utilized for any decided-upon purpose.

**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 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.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS

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

(a) The Issuer is a charter city and municipal corporation in the State, duly organized, validly existing and in good standing under the Act and the laws of the State.

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

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

(d) Neither of the Issuer nor any officer, member, supervisor, director, official, employee, counsel, attorney or agent of the Issuer has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(e) To the best knowledge of the Authorized Representative of the Issuer executing this Loan Agreement, there is no action, suit, proceeding, inquiry or investigation pending or threatened against the Issuer by or before any court, governmental agency or public board or body, which: (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bond; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bond; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bond; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bond or to carry out the transactions contemplated by any of the Issuer Documents or the Bond.

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

(g) The Issuer has used no broker in connection with the execution hereof and the transactions contemplated hereby.

**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 the State. The General Partner is, and at all times will be, a nonprofit public benefit corporation, duly organized, validly existing and in good standing under the laws of the State.

(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 4704 South Central Avenue, Los Angeles, CA 90011. The federal employer identification number for the Borrower is [ ].

(f) On the Closing Date, the Borrower will acquire and 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) No material adverse change has occurred in the financial conditions reflected in the financial statements of Borrower or any Guarantor since the respective dates of such statements, and no material additional liabilities have been incurred by Borrower since the dates of such statements other than the borrowings contemplated herein or as approved in writing by Bank. The foregoing representations shall only apply as of the date hereof and shall not be restated at any time hereafter for any purposes under the Loan.

(k) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(l) None of the Issuer, the Trustee or any officer, director, member, supervisor, director, official, employee, counsel, attorney or of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(m) 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.

(n) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Borrower's 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 Borrower's 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 Borrower's Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

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

(p) The Borrower is not contemplating either the filing of a petition by it, 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.

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

(r) 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.

(s) 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.

(t) 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).

(u) All information regarding the Borrower, the Project and any Obligor delivered to the Issuer, 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 as of the date and for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Borrower or the other Obligors to the extent applicable accounting principles required such disclosure.

(v) To the Borrower's knowledge, there are no actions, suits, proceedings or investigations of any kind pending or threatened against the Borrower, 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, 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, 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 rehabilitate, 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.

(w) 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.

(x) 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.

(y) 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 rehabilitate and equip the Improvements and to use, occupy and operate the Project.

(z) Except as set forth on Exhibit C hereto, 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 rehabilitation and equipping of the Project in accordance with the Plans and Specifications on or before the Completion Deadline (as defined in the Completion Agreement). The Borrower will timely obtain all Project Approvals not heretofore obtained by the Borrower (including those listed and described on Exhibit C hereto, 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.

(aa) 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 rehabilitation and equipping of the Improvements.

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

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

(dd) 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.

(ee) 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.

(ff) 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.

(gg) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties (except those contained in Section 2.02(j)) remain true and correct as of the date hereof.

(hh) 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) 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").

(ii) BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY 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 ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02(ii) HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

(jj) Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is



familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer, Servicer or the Majority Owner is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and its interests therein; and that it has not relied on Issuer, Servicer or the Majority Owner for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement or otherwise relied on Issuer, Servicer or the Majority Owner in any manner.

(kk) At the written request of Boston Private, Borrower will list Boston Private's name on any signage located at the Project during the period when approved construction is occurring at the Project.

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

- (a) [reserved];
- (b) Comply with all Legal Requirements and promptly furnish the Issuer, the Trustee and the Servicer with reports of any official searches made by any Governmental Authority and any claims of violations thereof;
- (c) Upon reasonable notice and at reasonable times, permit the Servicer, the Majority Owner, the Issuer and the Trustee (or their representatives) to enter upon the Land and inspect the Project;
- (d) Indemnify the Issuer, the Trustee, the Majority 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 Issuer 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, 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 Issuer, the Trustee, or the Servicer or the duly authorized agent of any of them and shall keep copies of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Trustee, the Servicer or the duly authorized agent of any of them;

(k) [reserved];

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

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.

### **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 Issuer has, consistent with its duties and purpose under the Act, issued and caused the Trustee to authenticate and deliver the Bond pursuant to the Indenture to the initial Majority Owner. The Bond bears interest and is payable as provided therein and in the Indenture. The Bond shall mature and all Outstanding principal of, interest and Additional Interest (if any) on the Bond shall be due and payable in full on the Maturity Date, all as provided more fully in the Bond and the Indenture.

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

including the terms and conditions thereof and hereof governing the disbursement of proceeds of the Loan.

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, 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 Issuer, the Trustee is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee's making disbursements from the Project Fund in accordance with such Requisition. Neither the Trustee nor the Issuer 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) On the Closing Date, the Borrower shall pay to the Trustee, for deposit into the Project Fund, all legal (including Bond Counsel and the respective counsel to Borrower, Issuer, Majority Owner and Trustee), abstractors', title insurance, financial, engineering, environmental, construction services, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer, Majority Owner and Trustee on or before or in connection with issuance of the Bond; provided however, that Borrower's liability for the costs set forth in this Section 3.02(a) shall survive any failure to close on the Bond, and such payment shall be due within 10 days of written notice thereof. Beginning one month following the Closing Date, Borrower shall pay to the Trustee, for deposit into the Project Fund, on the first day of each month thereafter, an amount equal to 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) as of such date. On the Conversion Date, the Borrower shall pay the principal of the Bond in such amount as required under the Indenture. Beginning upon the first day of the month following the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Revenue Fund, on the first day of each month, an amount equal to the sum of (i) 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), plus (ii) the principal 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 the Bond is based upon the assumption that interest income paid on the Bond will be excludable from the gross income of the Majority Owner under Section 103 of the Code and applicable state law. In the event that an Initial Notification of Taxability shall occur (unless caused solely as a result of a merger, reorganization or other corporate restructuring of the Majority Owner), then the interest rate on the Note and the Bond, and on all obligations under this 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, an amount equal to the Additional Interest payable on the Bond. The Borrower shall also indemnify, defend and hold the Majority Owner harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Majority Owner' 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 Majority Owner with respect to the Bond. The obligations of the Borrower under this Section 3.02(b) shall survive termination of this Agreement, the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.02(b), a final determination is made, to the satisfaction of the Majority Owner, that interest paid on the Bond is excludable from the Majority Owner's gross income under Section 103 of the Code and applicable state law, the Majority 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 (i) the Trustee Fee and Trustee Expenses to the Trustee, (ii) the Origination Fee to the Majority Owner and (iii) the Issuer's Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Trustee, the Majority Owner and the Issuer, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel, Majority Owner and counsel to the Trustee), as and when the same become due, and to pay within 30 days after receipt of request for payment thereof, which request shall set forth the relevant expenses, all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Costs of Issuance paid at Closing), of the Issuer incurred by the Issuer at any time in connection with the Bond or the Project ("Issuer's Expenses"), including any amendment, interpretation and enforcement of any of the Loan Documents. Borrower will also promptly pay all costs and expenses incurred by Issuer and/or Trustee in connection with the making, disbursement and administration of the Loan and the issuance and administration of the Bond. Such costs and expenses shall be paid by Borrower in addition to Issuer's Ongoing Fee, Issuer Expenses and Trustee Expenses, which Borrower shall pay as and when required by the Indenture and this Agreement. Borrower agrees to pay all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee Expenses, Issuer's Expenses and the Issuer's Ongoing Fee) incurred under the Indenture, as and when the same become due. Borrower will also pay the fees and expenses of any Arbitrage Analyst engaged with respect to the Bond, and will pay any amounts due and owing to the U.S. Treasury as rebate payments.

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

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

(f) The Borrower agrees to pay the Bank on or before the Closing Date, the Origination Fee.

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

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

**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 Issuer in respect of its Reserved Rights and payments to be made to the Servicer and the Trustee pursuant to Section 3.02(c) hereof) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bond. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the Issuer, to the extent of the assignment, for purposes of 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 setoff, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other

agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete rehabilitation and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

## **ARTICLE IV**

### **ADVANCES**

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. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as Exhibit G to the Construction Disbursement Agreement and a completed requisition 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 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 Issuer. Upon approval, 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 rehabilitation and equipping of the Improvements within 30 days after the Closing Date, will diligently pursue rehabilitation and equipping of the Improvements, will complete such rehabilitation and equipping prior to the Termination Date (as defined in the Intercreditor Agreement), and will pay all sums and perform all such acts as may be necessary or appropriate to complete such rehabilitation 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.** The Borrower will deliver, or cause to be delivered, to the Bank and the Servicer (and upon request, to the Issuer):

(a) as soon as available, but in any event not later than 180 days after the end of each fiscal year of the Borrower, beginning for the year ended December 31, 2014: (i) a summary rent roll; (ii) an operating statement; (iii) an audited financial statement prepared in accordance with Generally Accepted Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant; and (iv) such further information as may be requested by the Issuer, the Bank or the Servicer; ~~and~~

(b) within 30 days after the end of each Debt Service Coverage Ratio Testing Period, management prepared statement of income, expenses, changes in capital, a statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower for the applicable 12-month period and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles;

(c) within 15 days after the receipt thereof, copies of any material notices received by Borrower in connection with the Subordinate Loans or the Partnership Documents;

(d) within 15 days of the annual payment thereof, Borrower shall provide to the Servicer and Trustee evidence that: (i) Borrower has paid for all real property taxes for the Property or the Property is exempt from real property taxes; and (ii) Borrower has paid all premiums on the insurance policies required to be maintained pursuant to the Loan Documents;

(e) as soon as available, but in any event not later than within 30 days after the end of each fiscal year of Guarantor, beginning for the year ended December 31, 2014, a management prepared statement of income, changes in capital, a statement of cash flows for such year, and a statement of all contingent liabilities of the Guarantor for the applicable 12-month period and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles; provided however, that BlueGreen Guarantor will not be required to provide any reporting following the term of its guaranty;

(f) from time to time such other financial data and information related to the Borrower, the General Partner and the Project as the Issuer, the Trustee, the Bank or the Servicer may reasonably request;

(g) as soon as available, but in any event not later than within 180 days after the end of each fiscal year of: (i) CCSCLA Guarantor beginning for the year ended December 31, 2014, CCSCLA Guarantor shall provide the Bank and Servicer audited financial statements; and (ii) BlueGreen Guarantor, beginning for the year ended December 31, 2014, BlueGreen Guarantor shall provide the Bank and Servicer its audited financial statements, if available, or, if not available, its accountant-prepared financial statements; and

(h) commencing on the date of this Agreement, and continuing through the term of the Rent Transition Plan, within 30 days of the end of each fiscal quarter, Borrower shall provide the Bank with an update of all activities undertaken by Borrower in connection with the Rent Transition Plan, including, but not limited to meetings with tenants, relocation specialists and local government officials, and a summary of all lease activity, including successful relocations, new leases and lease terminations

#### **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 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, provide title insurance coverage over 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 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 Servicer during such inspections (including making available working drawings of the Plans and Specifications), provided that this provision shall not be deemed to impose on the Issuer, the Trustee and the Servicer any obligation to undertake such inspections.

(b) The Borrower shall permit the Issuer, 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 Issuer, the Trustee and the Servicer may reasonably request, provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one such investigation during any 12-month period.

(c) The Issuer, 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 60-month period.

(d) The costs and expenses incurred by the Issuer, 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 Issuer, 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 for the purpose of paying costs of acquisition, rehabilitation and equipping of the Project and Qualified Project Costs (as defined in the Regulatory Agreement).

**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 complete

the rehabilitation and equipping of the Improvements in accordance with the Plans and Specifications and to pay all other Project Costs, other than development fees to the developer, regardless of how such condition may be caused, the Borrower will, within 10 days after written notice of such determination from the Trustee, deposit with the Servicer 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. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of a Default, 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 in accordance with Section 5.03 of the Indenture.

**Section 5.10. Laborers, Subcontractors and Materialmen.** The Borrower will furnish to the Issuer or the Servicer upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Issuer or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Issuer and the Servicer, at any time and from time to time upon reasonable request by the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the Servicer from the Contractor and such subcontractors or materialmen as 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 or 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 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, rehabilitation 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 Rehabilitation.*** The Borrower will furnish or cause to be furnished to the Issuer and the Servicer all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower's expense.

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

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

(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 Issuer, 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 hereunder or any of the other Loan Documents; (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 results of operations, business or properties of Borrower, Guarantor or any other Person liable for the payment or performance of any of Borrower's obligations; (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, rehabilitation, equipping, operation, or use of the Project; (f) any violation of law by Borrower or any Guarantor, or any claim or assertion by any Governmental Authority that the Property or Improvements fail to comply with any law; or (g) any investigation by any Governmental Authority, or any litigation, arbitration or other proceeding instituted or threatened against Borrower or any Guarantor or the Property, and any material development therein.

### **Section 5.15. Financial Covenants.**

(a) **Loan-to-Value, Prior to the Conversion Date.** At all times prior to the Conversion Date, the principal amount of the advances under the Loan will be less than

or equal to 95% of the then-undrawn portion of the Letter of Credit. The Loan-to-Value Ratio, prior to the Conversion Date will be tested upon each draw request.

(b)

(c) Loan-to-Value, Following the Conversion Date. At all times following the Conversion Date, the Borrower shall maintain a Loan-to-Value Ratio of less than or equal to eighty percent (80%).

(d)

(e) Debt Service Coverage Ratio, Rent Transition Period. During the period following the Conversion Date, and prior to the termination of the Rent Transition Plan (the "Rent Transition Period"), Borrower shall at all times maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.15 to 1.00, to be calculated using the Rent Transition Plan DSCR Calculation. This ratio will be tested by the Bank at the end of each Debt Service Coverage Ratio Testing Period; provided that any failure to meet such ratio shall not be an Event of Default hereunder.

(f)

(g) Debt Service Coverage Ratio, Post Rent Transition Period. Following the termination of the Rent Transition Plan, Borrower shall at all times maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.15 to 1.00. This ratio will be tested by the Bank at the end of each Debt Service Coverage Ratio Testing Period; provided that any failure to meet such ratio shall not be an Event of Default hereunder.

(h)

(i) General Partner Unrestricted Net Assets. Following the Conversion Date, the General Partner shall demonstrate, relative to the consolidated balance sheet of its core operating subsidiaries, Unrestricted Net Assets of not less than \$141,000, of which no less than 25% (\$35,250) shall be in cash or other liquid investments (the "Leverage Covenant") measured annually on the anniversary of the Conversion Date and confirmed by an audited financial statement of the General Partner. Upon a failure to satisfy the Leverage Covenant, the Cash Sweep provisions of Subsection (f) below shall apply.

(j) Cash Sweep Provision. In the event Borrower fails to meet any of the reporting covenants set forth in Section 5.03 (a)(i)-(iii), (b), (e) or (h) or the financial covenants set forth in Sections 5.15(b) through 5.15(e) set forth herein on the applicable date, the provisions of clauses (i), (ii), (iii) and, (iv) below shall apply until the applicable Cash Sweep Termination Date.

(k)

(i) For each calendar month commencing with the month after the applicable date when Borrower failed to meet the applicable covenant until the occurrence of the Cash Sweep Termination Date. Borrower shall cause to be delivered to the Bank monthly Excess Cash Flow by depositing such funds directly into a cash collateral account designated by the Bank and subject to the provisions set forth below (a “Cash Collateral Account”). Such monthly payments of Excess Cash Flow (the “Cash Sweep”) shall be deposited for each month on or before the 15<sup>th</sup> day of the succeeding month after the commencement of the Cash Sweep (the “Sweep Date”). For example, if the Determination Date occurred on June 30, and the Cash Sweep commenced in July, then Excess Cash Flow for July shall be deposited on or before August 15<sup>th</sup>. During the period when the cash sweep is in effect, the Borrower shall deliver to the Bank on or before each Sweep Date, a detailed calculation of the Excess Cash Flow for such month in a form satisfactory to the Bank, together with an income statement, rent roll, and such other supporting statements, information and documentation that the Bank may request to verify the Borrower’s calculation of the Excess Cash Flow.

(ii)

(iii) Borrower hereby agrees (i) that each Cash Collateral Account established pursuant to the terms of this Agreement shall be an account established at the Bank and held in such name or names as the Bank shall deem appropriate, including in the name of the Bank, using Borrower’s tax identification number, (ii) that Bank shall have exclusive control with respect to each Cash Collateral Account, including, without limitation, the exclusive right of withdrawal with respect to funds held therein (subject to the terms of this Agreement), (iii) to execute and deliver to the Bank any such account agreements or designations or other documentation reasonably requested by Bank in order to open, maintain and/or control each Cash Collateral Account in accordance with the terms of this Agreement and (iv) that the Bank may, at its option, either use a pre-existing Cash Collateral Account or establish a new Cash Collateral Account for deposit of the monthly payments of Excess Cash Flow. Cash Collateral Accounts shall be interest-bearing; provided, that all interest, if any, earned from time to time on funds deposited in any Cash Collateral Account shall be retained in the account as cash collateral held pursuant to the terms of this Agreement. Borrower hereby grants to the Bank, for the purpose of securing all of the Borrower’s obligations, a security interest in each Cash Collateral Account established pursuant to the terms of this Agreement and all funds from time to time held therein. The Bank shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of California with respect to each Cash Collateral Account and the funds from time to time held therein.

(iv)

(v) The Bank shall have the right to withdraw funds from time to time held in a Cash Collateral Account as follows: (i) to the extent any Event of

Default set forth in Sections 7.01(a) through 7.01(u) has occurred and is then-continuing or upon the occurrence of the Maturity Date, the Bank may, in its sole discretion, withdraw and apply any funds held in a Cash Collateral Account to any of the then-due and payable obligations of Borrower (whether as a result of acceleration or otherwise); or (ii) if requested by Borrower or to the extent necessary to preserve the value of the Property and not otherwise paid by Borrower in a timely manner (and regardless of whether an Event of Default set forth in Sections 7.01(a) through 7.01(u) is then-continuing), the Bank may, in its sole discretion, withdraw funds from a Cash Collateral Account for the purpose of paying any costs and/or expenses related to the Property (such funds to be disbursed to Borrower or paid directly to the applicable party entitled thereto, as determined by the Bank in its sole discretion).

(vi)

(vii) Upon the occurrence of a Cash Sweep Termination Date, the Bank shall, promptly following the written request of Borrower, return or otherwise release the funds (if any) then-remaining in the applicable Cash Collateral Account to the Borrower. The occurrence of a Cash Sweep Termination Date and the return or release of funds to the Borrower in connection therewith shall not, in any case, preclude the application of the cash sweep provisions set forth herein with respect to any subsequent failure by Borrower to meet the required Debt Service Coverage Ratio.

#### **Section 5.16. Management Agreement.**

(a) At all times during the term of this Loan Agreement, the Project shall be managed pursuant to a Management Agreement with the Manager, which agreement 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 Issuer, the Trustee, and the Servicer will rely on the Manager's experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

(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 Agreement shall provide for management fees 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 Agreement as may be requested by 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 material amendment to the Management Agreement or delivery of a replacement management agreement must be approved in writing by the Servicer, which approval shall not be unreasonably withheld.

**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.*** Except in the case of amendments required in connection with permitted transfers described in subsection (e) below, neither the Borrower nor the General Partner shall amend, supplement terminate or otherwise modify materially any provision of its Organizational Documents prior to Conversion, the documents evidencing the Subordinate Loans or the provisions of any documents relating to the contribution of equity by the partners of the Borrower prior to Conversion without obtaining the prior written consent of the Servicer.

(c) ***Restrictions on Indebtedness.*** Without obtaining the prior written consent of the Servicer and the Bank, 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 or unsecured loans from partners of the Borrower;

(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; and

(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.

(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 Section 6 of the Mortgage.

(e) ***Transfers.*** The Borrower shall not transfer the Loan, or any interest in the Loan, the Project, or any interest in the Project, in the Borrower or in any partner, except the Investor Limited Partner, in the Borrower, or permit any such transfer, except (i) with the prior written consent of the Bank and as permitted by Section 6 of the Mortgage, (ii) as permitted or not prohibited, pursuant to the Construction Disbursement Agreement and (iii) as permitted by the Regulatory 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.*** For the benefit of Issuer and the Bondholder, Borrower covenants that it will not (i) take any action, (ii) fail to take any action or (iii) make any use of the Project or the proceeds of the Loan, which would cause the interest on the Bond to be or become includable in the gross income of the owner thereof for federal income tax purposes.

#### **Section 5.18. Arbitrage and Tax Matters.**

(a) The Borrower hereby represents, warrants and agrees that all certifications and representations of fact made by the Borrower in the Borrower's Tax Certificate are true, accurate and complete in all material respects of the date on which executed and delivered.



(b) The Borrower covenants not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bond to be classified as an “arbitrage bond” within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Majority Owner of the that so long as the Bond remains Outstanding, moneys on deposit in any fund or account in connection with the Bond, whether such moneys were derived from the proceeds of the sale of the Bond or from any other sources, will not be used in a manner which will cause the Bond to be classified as an “arbitrage bond” within the meaning of Section 148 of the Code. In furtherance of the foregoing, the Borrower covenants to comply with the terms and conditions of Borrower’s Tax Certificate and to pay when due any amount required to be paid to the United States in accordance with Borrower’s Tax Certificate and this Loan Agreement.

(c) At any time when any amount required to be paid under Section 148(f) of the Code (the “Rebate Regulations”) is due, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Within 60 days after the Bond has been paid in full, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other appropriate information reporting form) prepared by the Borrower. No later than 15 days prior to each date on which a payment could become due under the Rebate Regulations (“Rebate Payment Date”), the Borrower shall deliver to the Issuer and the Trustee a certificate of a Rebate Analyst either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid, if the certificate specifies an amount to be paid, (a) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an Authorized Representative of the Issuer, and shall include a certification by the Borrower that the Form 8038-T is accurate and complete, and (b) no later than 10 days after the Rebate Payment Date, the Borrower shall furnish to the Issuer and the Trustee a certificate state that such amount has been timely paid. This Section 5.18(c) shall be construed so as to cause compliance with the Rebate Regulations. The Borrower covenants that all action taken under this Section 5.18(c) shall be taken in a manner that complies with the Rebate Regulations and that it shall neither take any action nor omit to take any action that would cause the Bond to be an “arbitrage bond” by reason of the failure to comply with the Rebate Regulations. To the extent that any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest, penalty or other amount necessary to prevent the Bond from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Borrower covenants that, to the extent necessary, it shall obtain the advice and assistance of a Rebate Analyst to aid it in complying with the Rebate Regulations.

**Section 5.19. Indemnification; Borrower’s Obligations.** Borrower releases Issuer, Trustee, Servicer and Majority Owner, and their respective officers, directors, agents, shareholders (as applicable), officials, employees, counsel, attorneys and agents, past, present and future (and as to Issuer, members of its governing body) and any person who controls Issuer, Trustee, Servicer or Majority Owner within the meaning of the Securities Act of 1933, from, and

covenants and agrees, without limiting the Indemnity provided in Section 3.02 hereof or in the Regulatory Agreement, to indemnify, hold harmless and defend Issuer, Trustee, Servicer and Majority Owner and their respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an “Indemnified Party”) from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney’s fees and expenses), taxes (other than income taxes payable by any party as a result of any fees payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of:

(a) 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 a Note);

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

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

(d) 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 a Note);

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

(f) 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 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 Trustees administration where such is a result of actions contrary to Trustees duties and obligations;

(g) 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 Borrower’s 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;

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

(i) 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 a Note);

(j) 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 during the Borrower's ownership thereof, or arising out of any action or inaction of Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition, rehabilitation or management of the Project during the Borrower's ownership thereof, 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;

(k) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project during the Borrower's ownership thereof; and

(l) any and all claims arising in connection with the operation of the Project during the Borrower's ownership thereof, 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 during the Borrower's ownership thereof, including, but not limited to, the Americans with Disabilities Act, if applicable (as evidenced by an architect's certificate to such effect).

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 default, bad faith, negligence or willful misconduct of such Person; and (ii) in the case of the foregoing indemnification of Issuer, Servicer or Majority Owner, or any of their respective Indemnified Parties, to the extent such damages are caused by the willful misconduct, in the case of the Issuer, or the gross negligence or willful misconduct in the case of the Servicer or Majority Owner.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, Borrower, upon written notice from the 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 the 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 Issuer, Majority Owner 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 (A) 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 Borrower or (B) such separate counsel is employed with the approval of Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

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 5.19 shall in any way limit the Borrower's indemnification and other payment obligations set forth in the Regulatory Agreement.

**Section 5.20. [Reserved].**

**Section 5.21. Sale of Bond and Securitization.**

(a) At the request of the Servicer, the Borrower shall, subject to the restrictions of Section 3.09 of the Indenture, take such actions and execute and deliver such documents and data as may be reasonably necessary or appropriate in connection with the sale of the Bond or participation therein or any securitization (such sale and/or

securitization, the “Securitization”) of single or multiclass securities (the “Securities”) secured by or evidencing ownership interests in the Bond. Without limiting the generality of the foregoing, the Borrower shall:

(i) provide financial and other information with respect to the Project, the Borrower and its Affiliates, the manager and any tenants of the Project and provide business plans and budgets relating to the Project;

(ii) perform or permit or cause to be performed or permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I and, if appropriate, Phase II), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization (the items provided to the Servicer pursuant to this paragraph (a) being called the “Provided Information”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer and the Rating Agencies;

(iii) cause counsel to render opinions as to nonconsolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project, the Borrower and its Affiliates, which counsel and opinions shall be satisfactory to the Servicer and the Rating Agencies;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Loan Documents as are customarily provided in securitization transactions and as may be reasonably requested by the Servicer or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(v) provide current certificates of existence with respect to the Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Loan Documents and the Organizational Documents of the Borrower as may be requested by the Servicer or the Rating Agencies or otherwise to effect the Securitization.

(b) All reasonable third-party costs and expenses incurred by the Borrower solely in connection with the Borrower’s complying with requests made under this Section 5.21 shall promptly be paid or caused to be paid by the Servicer. The Borrower shall not be liable for third-party costs or expenses incurred by the Servicer in connection with the Securitization.

(c) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a

prospectus or private placement memorandum (each, a “Disclosure Document”) and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “Securities Act”), or the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Servicer in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(d) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Servicer, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and such sections (and any other sections reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(e) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify the Servicer, the Issuer and the underwriter group for any securities (the “Underwriter Group”) for any liabilities to which the Servicer, the Issuer or the Underwriter Group may become subject insofar as the liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Issuer, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Issuer, the Servicer or the Underwriter Group in connection with defending or investigating any such liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

(f) Promptly after receipt by an indemnified party under subsection (d) or (e) above of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with

counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party as provided herein, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior written consent of the Borrower.

(g) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in subsection (e) above is for any reason held to be unenforceable by an indemnified party in respect of any liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under subsection (e) hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(h) Except as provided in subsection (e) above, the Borrower's liability under this Section 5.21 shall be limited to liabilities arising out of or based upon any such material untrue statement or omission made with knowledge thereof and made therein in reliance upon and in conformity with information furnished to the Servicer by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower, operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project.

#### **Section 5.22. Funds and Accounts.**

(a) Upon the first anniversary of the Conversion Date, and upon each anniversary thereafter, the Borrower shall deposit an amount equal to \$300 per unit per year into an account held by Bank (the "Replacement Reserves"). Any and all interest earned by the Replacement Reserves shall be the property of the Borrower, and shall be maintained within the Replacement Reserves account.

(b) Except as otherwise provided in this Section, before the Servicer shall authorize the withdrawal of any amounts from the Replacement Reserves, the Borrower shall submit the following items to the Servicer for its review and approval:

(i) [reserved];

(ii) a requisition from the Borrower stating that no Event of Default exists and requesting the Servicer to approve a disbursement;

(iii) if requested by the Servicer, evidence of compliance with all applicable Legal Requirements;

(iv) if requested by the Servicer in connection with rehabilitation work in excess of \$10,000, evidence of builders' risk insurance along with workers' compensation and public liability insurance in such amounts and in such form as the Servicer may reasonably require;

(v) if requested by the Servicer in connection with rehabilitation work in excess of \$10,000, evidence that the Consulting Engineer shall have inspected and approved of the work performed to date; and

(vi) evidence that the general contractor has delivered and filed effective mechanics lien waivers prior to the commencement of work or, if such waivers were not delivered and filed, a release of liens in connection with all work performed, which releases may be conditioned upon payment to the general contractor provided that the general contractor delivers unconditional releases within 30 days of receipt of such payment.

(c) Provided the conditions set forth in Section 5.22(d) have been satisfied (or waived in writing by the Servicer), the Servicer shall authorize the withdrawal from the Replacement Reserves of the amount requested by the Borrower, or such lesser amount approved by the Consulting Engineer, to the Borrower. It shall be a condition to all withdrawals from the Replacement Reserves that (i) all work shall be performed in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (ii) the Servicer shall have reviewed and approved each of the foregoing requirements, (iii) the work to be performed is consistent with the recommendations of the Consulting Engineer, and (iv) sufficient amounts are on deposit in the Replacement Reserves to pay the requested amounts.

(d) [reserved].

(e) Upon the Conversion Date, the Borrower shall deposit an amount equal to three months of Debt Service (assuming a rate of interest equal to the strike rate of the interest rate contract purchased by the Borrower for the benefit of the Bank), plus three months of approved Projected Annual Operating Expenses for the Project (the "Minimum Operating Reserve Amount") into a restricted account to be maintained with the Bank (the "Operating Reserves"). Borrower may use moneys in the Operating Reserves as necessary to the extent that Project Revenues are insufficient to pay Operating Expenses and/or the amount necessary to pay principal and interest on the Bond as required pursuant to Section 3.02. Subsequent to the use of such funds, Borrower shall be required to replenish such Operating Reserves up to the Minimum Operating Reserve Amount with Borrower's Net Operating Income, as defined in the Partnership Agreement



after payment of asset management fees, investor funding repayment and tax credit adjusters due under the Partnership Agreement,, but prior to making any additional distributions. Any and all interest earned by the Operating Reserves shall be the property of the Borrower and shall be maintained within the Operating Reserve account.

(f) Upon the Conversion Date, Borrower shall deposit an amount equal to \$300,000 into an account to be maintained with the Bank (the “Rent Subsidy Account”). If Borrower’s Debt Service Coverage Ratio falls below 1.00:1.00 during the Rent Transition Period, then Borrower may utilize funds in the Rent Subsidy Account to pay for Operating Expenses, but only to the extent necessary to achieve a 1.00:1.00 Debt Service Coverage Ratio, as determined by the Bank, to pay any tax credit adjusters due under the Partnership Agreement or asset management fee payable to the Investor Limited Partner, or its successor or affiliate, each as set forth in the Partnership Agreement. Upon the termination of the Rent Transition Period, Borrower may request the Bank’s consent to release the Rent Subsidy Account, which the Bank will grant, *provided that*, (i) the Bank has received evidence satisfactory to the Bank, in the Bank’s sole and absolute discretion, that Borrower’s Special Limited Partner has consented to the same, and (ii) there are no then current Events of Default under any of the Loan Documents.

(g) Upon the Closing Date, Borrower shall establish a disbursement account to be maintained with the Bank.

(h) Upon the Closing Date, Borrower shall establish an operating account to be maintained with the Bank.

(i) Upon the Conversion Date, the Borrower shall deposit an amount equal to six (6) months of Debt Service on the Loan calculated using the maximum interest rate set forth under the Interest Rate Cap Contract (the “Liquidity Reserve Amount”) into a restricted account to be maintained with the Bank (the “Liquidity Reserves”). Upon Borrower’s request, the Liquidity Reserve Amount may be reduced by 25% for each year that Borrower meets the Debt Service Coverage Ratio of 1.15 to 1.10 following the termination of the Rent Transition Plan, until such time as the Liquidity Reserve Amount is equal to three (3) months of Debt Service on the Loan. Provided, however, that so long as Borrower maintains Pledged Funds (as set forth in Section 6.5 of the Partnership Agreement) in an amount equal to or greater than the Liquidity Reserve Amount, Bank will deem the requirements of this Section 5.22(i) to have been satisfied, provided further, however, that Borrower shall provide Bank with notice of the release of any Pledged Funds accompanied by a then-current accounting of the total funds held as Pledged Funds. In any case where the Liquidity Reserve Amount is not maintained, either as a separate account or as part of the Pledged Funds, such will be deemed an event of default pursuant to this Section 5.22(i).

(j) All interest earnings on funds and accounts established hereunder shall remain in the respective fund or account, as applicable.

**Section 5.23. 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 and to operate the residential units of the Project, and to use the Borrower’s commercially reasonable 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;

(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) 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; and (ii) the fully completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Servicer a copy of any certificates, income certificates, reports and information which the Borrower is required to file with the California Tax Credit Allocation Committee or a copy of any Form 8823's received by the Borrower. .

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 Majority Owner of the Bond, for the obligations of the Borrower in connection with the Loan; provided that the parties hereto understand and agree that such pledge of Tax Credits shall be effective only upon foreclosure or deed in lieu of foreclosure of the Mortgage

The Borrower and Majority Owner of the Bond are relying upon Investor Limited Partner's payment of the Capital Obligations, pursuant to the terms and conditions of the Partnership Agreement, for payment or repayment of certain of the costs of construction of the Project and for repayment by Borrower of all or a portion of the Loan. However, Investor Limited Partner's payment of the Capital Obligations on the dates when due or contemplated to be paid (each a "Payment Date") may be subject to conditions set forth in the Partnership Agreement ("Payment Conditions"). For purposes of this Section, the term "Investor Limited Partner" includes any transferee of all or a part of Investor Limited Partner's partnership interest.

The Borrower and General Partner understand and acknowledge that if, for any reason, Investor Limited Partner declines to or otherwise fails to pay the Capital Obligations on or before a Payment Date, such nonpayment is likely to result in an Event of Default under the Construction Disbursement Agreement, and thus will constitute an Event of Default hereunder, and Majority Owner of the Bond may pursue all its rights and remedies hereunder and under the other Loan Documents, subject to any applicable notice and cure rights.

The Investor Limited Partner shall have the notice and cure rights provided in the Mortgage, and the right to remove and replace General Partner pursuant to the terms of the Partnership Agreement, subject to the Regulatory Agreement; provided, however, that (1) the replacement of any General Partner by a person or entity to whom transfer of the interest of the General Partner is permitted under the Partnership Agreement (an "Approved Transferee") shall be subject to the prior written approval of Issuer, which approval shall be governed by the terms of the Regulatory Agreement, (2) the partnership interests of any such substitute general partner or partners shall be subject to Bank's security interests pursuant to the terms of the Construction Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Agreement, and (3) any such substitute general partner shall execute any and all documents, including security agreements and financing statements, as Majority Owner may reasonably request in order to create, perfect, or continue such security interests.

#### **Section 5.24. Leasing.**

(a) The Servicer, Majority Owner (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 and Majority Owner'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 and Majority Owner'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 or Majority Owner's written request therefor, the Servicer or Majority Owner, as applicable, 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 Majority Owner, the Issuer, 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; and

(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 Majority Owner.

(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 Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Servicer may make written demand on the Borrower to submit all future leases for the Servicer's approval prior to execution. The Borrower must comply with any such demand by the Servicer.

(c) The Servicer's approval of any lease is for the sole purpose of protecting the Servicer's security and preserving the Servicer's rights under the Loan Documents. No approval by the Servicer will result in a waiver of any default of the Borrower. In no

event will the Servicer's approval of any lease be a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant or guarantor.

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

#### **Section 5.25. 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 Issuer, the Trustee, and the Servicer of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer's, Trustee's and Servicer's taking any and all steps the Issuer, the Trustee, and the Servicer deem necessary, in the sole discretion of each of the Issuer, the Trustee, and the Servicer, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the "freezing" and/or "blocking" of assets).

(d) Upon Issuer, Trustee's or Servicer's request from time to time during the term of the Loan, Borrower agrees deliver a certification confirming that the representations and warranties set forth in this Section 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 Issuer, the Trustee, or the Servicer, and to cause each Related Person to cooperate with the Issuer, the Trustee, or the 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 Issuer, the Trustee, or the 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 Issuer, the Trustee, or the 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.

**Section 5.26. Location.** The Project will be located wholly within the City of Los Angeles, California.

**Section 5.27. Changes to the Project.** Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Law or the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bond. Borrower shall utilize the Project as required by the Regulatory Agreement.

**Section 5.28. Nondiscrimination and Affirmative Action.** The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower shall also comply with all rules, regulations, and policies of the Issuer's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this 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 5.29. Limitation on Issuer's Liability.** No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, attorney or agent of Issuer in his or her individual capacity, and neither any employee, attorney or officer of the Issuer nor any officer thereof executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, attorney or agent of Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Loan Agreement or the Act, provided such director, officer, employee, attorney or agent acts in good faith. No agreements or provisions contained in this Agreement nor any agreement, covenant or undertaking by Issuer contained in any document executed by Issuer in connection with the Project or the issuance, sale and delivery of the Bond shall give rise to any pecuniary liability of Issuer or a charge against its general credit or taxing powers, or shall obligate Issuer financially in any way.

**Section 5.30. Americans with Disabilities Act.** Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). Borrower 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. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Borrower, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

**Section 5.31. Business Tax Registration Certificate.** Subject to any exemption available to it, Borrower represents that it has obtained or will obtain the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, Borrower shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

## **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 but not in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bond, Additional Interest, if applicable, as set forth in Section 4.03 of the Indenture together with interest as set forth in Section 4.03 of the Indenture. The Note is not otherwise subject to optional prepayment by the Borrower.

(b) To effect prepayment of the Note and redemption of the Bond as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee and the Servicer, not less than 90 days prior to the date on which 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 such 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, (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:

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

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

(iii) 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 IX of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement, the Regulatory Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the 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;

(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 in any material respect;

(d) except for an Event of Default referred to in subsections (a), (b), (e), (f), (h), (i), (j), (k), (l), (m), (p), (q), (s) or (w) of this Section 7.01, any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, for a period of 15 days after the occurrence of such failure; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 15-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 15-day period and is diligently pursued to completion thereafter provided, however, that such breach or failure must be corrected within a maximum 60-day period (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 any of the Loan Documents, the General Partner Documents or the Guarantor Documents other than

the Regulatory Agreement) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document;

(f) upon 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) upon any change in the legal or beneficial ownership of the Borrower or the General Partner other than as expressly permitted by the terms hereof or by reason of the death of the owner of such interests;

(i) the General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e) within a period of thirty (30) days following such cessation;

(j) any failure by the Borrower to pay at maturity, or within any applicable period of grace, any amount payable under the Note, 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 the Note, 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;

(k) 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;

(l) 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;

(m) 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;

(n) [reserved];

(o) 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;

(p) 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;

(q) 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;

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

(s) any cessation at any time in rehabilitation 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 rehabilitation 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;

(t) any of the Indenture, this Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner (except for any "automatic" amendments required by the Regulatory Agreement to preserve the exclusion of interest on the Bond from gross income for federal income tax purposes) without the prior written consent of the Servicer;

(u) 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, to the extent required by the Partnership Agreement;

(v) [reserved];

(w) prior to the Conversion Date, the unpaid principal amount of the Loan exceeds 95% of the outstanding Letter of Credit amount;

(x) following the Conversion Date, the Loan-to-Value Ratio exceeds 80%; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein, the sole remedy to an Event of Default set forth in this Section 7.01(x) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f);

(y) following the Conversion Date, and prior to the termination of the Rent Transition Plan, the Debt Service Coverage Ratio (using the Rent Transition Plan DSCR Calculation) falls below a 1.15 to 1.0 ratio; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein the sole remedy to an Event of Default set forth in this Section 7.01(y) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f);

(z) following the termination of the Rent Transition Plan, the Debt Service Coverage Ratio falls below a 1.15 to 1.0 ratio; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein, the sole remedy to an Event of Default set forth in this Section 7.01(z) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f); or

(aa) failure of the Borrower to implement the Rent Transition Plan, as approved by the Trustee and the Servicer.

Notwithstanding the above, any of the above defaults resulting from the status of an Obligor (other than the Borrower) shall be cured upon succession of a substitute Obligor acceptable to the Servicer and Majority Owner within 60 days of the Borrower's receipt of such approvals.

## **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: (A) 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 (B) the Trustee, direct the mandatory redemption of the Bond in whole;

(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, rehabilitated and equipped in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee, or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.02 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 Issuer, the Trustee, and the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, and 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 and Notice to Investor Limited Partner.** The Issuer, 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. The Issuer, Trustee and Servicer shall deliver to the Investor Limited Partner any notice of an Event of Default hereunder at the same time as such notice is delivered to the Borrower.

**Section 7.08. Issuer Exercise of Remedies.** Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bond or the Loan to be due and neither the Issuer nor the Trustee shall take any action in respect of Reserved Rights (i) 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, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

## **ARTICLE VIII**

### **MISCELLANEOUS**

**Section 8.01. General Provisions.** The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

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

(b) The Bond is not an obligation, either general or special and does not constitute a pledge of the general credit or taxing power of the Issuer, the State or any other political subdivision thereof, but is payable solely from the revenues and property pledged therefor in the Indenture, and neither the Issuer, the State nor any other political

subdivision thereof shall be liable thereon, and recourse on the Bond and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of or interest on the Bond, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any member, officer, employee or other elected or appointed official, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer 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 Issuer or any such incorporation, member, officer, director, employee, any other elected or appointed official or trustee as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bond and the delivery of other documents in connection herewith. No member, officer, employee or other elected or appointed official past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bond or any other documents in connection herewith, nor shall the issuance of the Bond be considered as misfeasance or malfeasance in office.

**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 the Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee, and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Borrower Representative.

**Section 8.03. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights 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 Majority 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 Majority 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 Majority 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 Issuer, the Trustee or the Borrower except in compliance with Article IX 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 internal laws of the State, without reference to conflicts of laws principles.

**Section 8.09. Debtor-Creditor Relationship.** It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the 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 permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay interest on the Bond, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and noncompounded for each month from such date to the date of calculation



(calculated on the basis of a 360-day year of twelve 30-day months. Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

**Section 8.11. Term of This Loan Agreement.** This Loan Agreement shall be in full force and effect from its date to and including such date as the Bond issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer 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. Nonrecourse.** Anything contained in any provision of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate or the Note notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Note, this Loan Agreement, the Mortgage or the Regulatory Agreement after the Conversion Date, neither the Issuer, nor the Trustee or other holder of the Note (collectively, the “Noteholder”), nor any Majority Owner of the Bond, nor any beneficiary of the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Note shall, following the Conversion Date, be limited to the assets of the Borrower that are the security from time to time provided with respect to the Note and this Loan Agreement; provided, however, nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate, the Note, or any other instrument now or hereafter securing the Note or this Loan Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and assigns, under this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Agreement or the Note or any other instruments. Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Bondholder or any beneficiary of or the trustee under the Mortgage as a result of the Borrower’s: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Bond Documents, whether before or after an Event of Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the partners of the Borrower or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the General Partner Documents, the Guarantor Documents or any other guaranty given in favor of the Issuer, the Trustee, or the Servicer.



IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

ISSUER:

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES  
Michael N. Feuer, City Attorney

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

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, a  
national banking association, as Trustee

By \_\_\_\_\_  
Name: Julia Hommel  
Title: Vice President

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

**BORROWER:**

**ONE WILKINS PLACE PRESERVATION,  
L.P.**, a California limited partnership

By: **CONCERNED CITIZENS OF SOUTH  
CENTRAL LOS ANGELES, INC.**, a  
California not for profit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Noreen McClendon  
Title: Executive Director

## SCHEDULE 1

### INTEREST RATE CAP CONTRACTS

1. **Interest Rate Cap Documentation.** Within the timeframes required by the Bank and Interest Rate Cap Counterparty, Borrower shall deliver to Interest Rate Cap Counterparty the following documents and other items, executed and acknowledged as appropriate, all in form and substance satisfactory to Bank and Interest Rate Cap Counterparty: (a) Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between Borrower (or its Affiliate) and Interest Rate Cap Counterparty; (b) a confirmation under the foregoing, if applicable; (c) the Guaranty; (d) if Borrower (or its Affiliate) is anything other than a natural person, evidence of due authorization to enter into transactions under the foregoing Interest Rate Cap Contract with Interest Rate Cap Counterparty, together with evidence of due authorization and execution of any Interest Rate Cap Contract; and such other title endorsements, documents, instruments and agreements as Bank and Interest Rate Cap Counterparty may require to evidence satisfaction of the conditions set forth in this Section including an Interest Rate Cap endorsement to Boston Private Bank & Trust Company's title insurance policy in form and substance satisfactory to Boston Private Bank & Trust Company.

2. **Conveyance and Security Interest.** To secure Borrower's obligations, Borrower hereby transfers, assigns and transfers to Bank, and grants to Bank a security interest in, all of Borrower's right, title and interest, but not its obligations, duties or liabilities for any breach, in, under and to the Interest Rate Cap Contract, any and all amounts received by Borrower in connection therewith or to which Borrower is entitled thereunder, and all proceeds of the foregoing. All amounts payable to Borrower under the Interest Rate Cap Contract shall be paid to Bank and shall be applied to pay interest or other amounts under the Loan.

3. **Cross-Default.** It shall be an Event of Default under this Agreement if any Event of Default occurs as defined under any Interest Rate Cap Contract as to which Borrower (or its Affiliate) is the Defaulting Party, or if any Termination Event occurs under any Interest Rate Cap Contract as to which Borrower (or its Affiliate) is an Affected Party. As used in this Section, the terms "Defaulting Party," "Termination Event" and "Affected Party" have the meanings ascribed to them in the Interest Rate Cap Contract.

4. **Remedies; Cure Rights.** In addition to any and all other remedies to which Bank and Interest Rate Cap Counterparty are entitled at law or in equity, Interest Rate Cap Counterparty shall have the right, to the extent so provided in any Interest Rate Cap Contract or any Master

Agreement relating thereto, (a) to declare an event of default, termination event or other similar event thereunder and to designate an Early Termination Date as defined under the Master Agreement, and (b) to determine net termination amounts in accordance with the Interest Rate Cap Contract and to setoff amounts between Interest Rate Cap Contracts. Bank shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower (or its Affiliate) such action as Bank may at any time determine to be necessary or advisable to cure any default under any Interest Rate Cap Contract or to protect the rights of Borrower (or its Affiliate) or Interest Rate Cap Counterparty thereunder; provided, however, that before the occurrence of an Event of Default under this Agreement, Bank shall give prior written notice to Borrower before taking any such action. For this purpose, Borrower hereby constitutes Bank its true and lawful attorney-in-fact with full power of substitution, which power of attorney is coupled with an interest and irrevocable, to exercise, at the election of Bank, any and all rights and remedies of Borrower (or its Affiliate) under the Interest Rate Cap Contract, including making any payments thereunder and consummating any transactions contemplated thereby, and to take any action that Bank may deem proper in order to collect, assert or enforce any claim, right or title, in and to the Interest Rate Cap Contract hereby assigned and conveyed, and generally to take any and all such action in relation thereto as Bank shall deem advisable. Bank shall not incur any liability if any action so taken by Bank or on its behalf shall prove to be inadequate or invalid. Borrower expressly understands and agrees that Bank is not hereby assuming any duties or obligations of Borrower (or its Affiliate) to make payments to Interest Rate Cap Counterparty under any Interest Rate Cap Contract or under any other Loan Document. Such payment duties and obligations remain the responsibility of Borrower (or its Affiliate) notwithstanding any language in this Agreement.

**EXHIBIT A**  
**LEGAL DESCRIPTION OF REAL ESTATE**

[TO BE ATTACHED]



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

\$3,025,000

January [    ], 2015

FOR VALUE RECEIVED, **ONE WILKINS PLACE PRESERVATION, L.P.**, a California limited partnership (together with its permitted successors and assigns, “Borrower”), having an address of 4704 South Central Avenue, Los Angeles, California, promises to pay to the order of **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California or its successors or assigns (the “Holder”), at its office at Los Angeles Housing and Community Investment Department, 1200 West 7<sup>th</sup> Street, 8<sup>th</sup> Floor, Los Angeles, California 90017 or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the principal sum of \$3,025,000 as provided herein, together with interest thereon at the rate, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the “Indenture”) dated as of even date herewith between City of Los Angeles (the “Issuer”), and 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. Principal shall be payable on this Note at the times and in the amounts as needed to pay the principal of the Loan and the Bond as due under the Loan Agreement and Indenture.

Borrower shall pay to the Trustee for deposit into the Revenue Fund, on the first day of each month, commencing with the first day of the month following the Closing Date, for the period commencing upon the Closing Date (i) an amount equal to the sum of the 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). 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 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. The obligations of the Borrower under this Note shall be nonrecourse as provided in Section 8.12 of 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. Borrower shall not be obligated or required to pay, nor shall the Holder per permitted to charge or collect, interest at a rate in excess of 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 such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

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

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

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

Borrower shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements 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.

[Signature page follows]

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

**BORROWER:**

**ONE WILKINS PLACE PRESERVATION,  
L.P.**, a California limited partnership

By: **CONCERNED CITIZENS OF SOUTH  
CENTRAL LOS ANGELES, INC.**, a  
California not for profit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Noreen McClendon  
Title: Executive Director

**EXHIBIT C**

**PROJECT APPROVALS TO BE OBTAINED**

[TO BE INSERTED]

**EXHIBIT D**  
**FORM OF APPROVED RESIDENTIAL LEASE**

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This residential lease is made this \_\_\_ day of \_\_\_, 2015 between  
as One Wilkins Place Preservation, L.P (hereinafter referred to as “we” or “us” and \_\_\_  
\_\_\_ as Resident (hereinafter referred to  
as you). We lease to you and your rent from us the premise, described as follows:

A \_\_\_ bedroom dwelling unit, unit number \_\_\_ or residence address  
of

located at  
.  
(number) (street) (city or county) (state)

together with fixtures, accessories, and the following appliances and furniture: stove and  
refrigerator, garbage disposal, blinds.

This lease is subject to the following terms, conditions, covenants and agreements:

1. Regulations: This lease and your occupancy of the premises are governed by the State  
of California Tax Credit Allocation Committee Regulatory Agreement. If any terms of this lease  
are inconsistent or in conflict with the Regulations, the Regulations shall control. A copy of the  
Regulation is available for inspection by you during normal business hours at our office.

2. Terms: This lease will begin on \_\_\_ and will end on \_\_\_, or until  
terminated by either you or us as provided in this lease.

### 3. Rent:

A. The initial rent for the premises is \$ \_ \_ per month to be paid by or on behalf of you to us at the following address: . Rent shall be paid in advance on or before the first day of each month and is late on the sixth day. If rent is not paid by the fifth day, you will be charged a late rent charge of \$10.00. If you are late more than three times, the late rent charge may be increased to \$25.00. The rent amount shown above includes deduction for the utility allowance for the premises as established by the program.

B. We will adjust the initial rent described above as allowed by Regulations annually, except that the first year adjustment may occur within less than 12 months to coincide with the project fiscal year. The regulations allow for an annual rent increase. We will provide you with 30 days' written notice prior to the effective date of any rent adjustment.

### 4. Income Certification and Re-certification.

Your eligibility to occupy this unit is based on information that you have provided to us regarding your household income and assets. Each year, you agree to provide updated information on a form we provide you. You agree that all such information regarding household income and assets provided to us is true, complete, and correct to the best of your knowledge. You further agree that failure to provide such information or providing false or misleading information, may result in the termination of your occupancy and eviction from the premises. You agree that all information supplied by you shall be subject to inspection by representatives for the Program.

In the event the re-certification demonstrates that such household's income exceeds the upper limit of the income band in which such household would qualify as Qualifying Tenants, such household will no longer qualify as a Qualifying Tenant for that band and we will rent the next available unit to one or more Qualifying Tenant in the income band required to achieve compliance with the Regulatory Agreement. No tenant in the Development shall be denied continued occupancy in the Development because, after occupancy, such tenant's adjusted Income increases such that the Adjusted Income for such household will no longer qualify such household as Qualifying Tenant; provided, however, if a Qualifying Tenant's Adjusted Income exceeds 140% of the Median Income, such Qualifying Tenant will be required to move.

5. Security Deposit. You will pay to us in advance of occupying the unit, a security deposit in the amount of \_\$ \_ , which shall not exceed the rent for two months. We may apply the deposit after you vacate the premises to repair any loss or damage caused by you or

your guests to the premises or the development other than normal wear and tear. We also may apply the deposit payment of rent due and owing from you. Within fourteen days after you vacate the premises, we will repay the security deposit, less any amounts deducted, to you within fourteen days after you vacate the premises, we will repay the security deposit, less any amounts deducted, to you at your forwarding address or such other address as you may designate. At the same time, we will provide you with a written itemized statement describing the reason for and the cost of any deductions from the deposit.

6. Utilities. You will pay for telephone service and the following utilities, including all fees, deposits, and charges therefore.

Gas, Electric,

Telephone and Cable

We will pay all other utility bills.

7. Use.

A. You shall use the premise as, and only as, your primary place of residence. You shall not cause or permit any illegal activity or use on the premises. The premises shall be occupied only by members of your household consisting of 2 adults (anyone over 18 years of age) and      children (anyone under 18 years of age) with the following names. You must inform us in writing and receive written approval from us prior to allowing another person to reside in the unit. You agree and understand that at no time shall the unit be occupied by more than two (2) people per bedroom and that only children of the same sex shall occupy the same bedroom. Upon determination that your family size exceeds the guidelines, you will no longer qualify for tenancy. However, you will be given priority if a larger, income-qualifying unit becomes available in the building. If no unit is available to accommodate your family size, you will be given written notice and your tenancy shall terminate six months from the date of the over family size notification. If a unit becomes available during the six month period, you will be transferred to a unit to accommodate your family size and your tenancy will not be terminated.

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B. The program Regulations set forth minimum and maximum household sizes. If as a results a change in the number of persons in your household, your household size decreases to below the minimum or increases to above the maximum allowed under the program Regulations for your unit size, we may, with at least 60 days prior written notice, require that you move to an available unit of the appropriate size. You must then execute a new lease prior to occupancy of



the new unit. You agree and understand that at no time shall the unit be occupied by more than two (2) people per bedroom and that only children of the same sex shall occupy the same bedroom. Upon determination that your family size exceeds the guidelines, you will no longer qualify for tenancy. However, you will be given priority if a larger, income-qualifying unit becomes available in the building. If no unit is available to accommodate your family size, you will be given written notice and your tenancy shall terminate six months from the date of the over family size notification. If a unit becomes available during the six months period, you will be transferred to a unit to accommodate your family size and your tenancy will not be terminated.

8. Maintenance. You shall keep the premises and all fixtures, accessories, and appliances in a clean, sanitary, and safe condition. If you or your guests cause or permit damage to the premises, you shall be liable for the cost to repair the damage. Where damage or disrepair is not the responsibility of you or your guests, we will repair and maintain the premises, fixtures, accessories, and appliances in accordance with applicable state and local laws concerning the condition of premises and common areas.

9. Remodeling and Alterations. You shall not undertake any remodeling, redecoration, or alteration, including painting and wallpapering, to the premises without receiving our written permission.

10. Rules. You shall comply with written rules we issue regarding use of the premises and common areas. We will provide a copy of the rules to you. Any amendment to the rules shall be in writing and effective 30 days after the notice thereof to you. You shall not cause or permit on the premises or in common areas, excessive noise or any other activity which disturbs the peace and quiet of other residents or neighbors. You shall not cause or permit any activity constituting a nuisance on or about the premises or which adversely affects the health or safety of any person, nor shall you interfere with the management of the premises. By initialing as provided, you acknowledge receipt of a copy of such rules, a copy of which is attached to, and made a part of this lease.

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(Initials)

11. Sublease or Assignment. You shall not sublease or assign this lease or any portion thereof. If you attempt to sublease or assign this lease, this lease shall be null and void and no right to occupy the premises shall arise from any attempted sublease or assignment.

12. Entry and Inspection. We or our agent may enter and inspect the premises after giving reasonable notice to you for:

- A. making necessary or agreed-upon repairs;
- B. inspecting for compliance with the terms of this lease;
- C. showing the premises to prospective lenders, purchasers, residents, contractors, repair workers, or representatives from the Program;

- D. performing contracted pest control services;
- E. conducting annual and any other inspections.

Twenty-four hours or more shall be considered reasonable notice for the purpose of entry and inspection. In addition, we or our agent may enter the premises without notice if necessary in an emergency such as fire or flooding.

13. Joint Responsibility. You must be 18 years of age or older or a minor not under the care of a parent or guardian to sign this lease. You acknowledge that this lease is between us and each person executing this lease jointly and individually. In the event of default by any one, each and every remaining person who executed the lease shall be responsible for payment of the total rent stated in Section 3. or amended by Section 4. and all other provisions of the lease.

14. Hold Harmless and Waiver. We do not provide insurance for your personal property. You agree to indemnify and hold us harmless and in no way accountable for any liability for personal injury or property damage caused or permitted by you or any other person on the premises with your consent except as may be caused by our negligence.

15. Possession.

If we are unable to deliver possession of the premises at the time this lease begins, we shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but you shall not be liable for rent until possession is delivered. You may terminate this lease by written notice to us if possession is not delivered within three days of the beginning of the term of this lease.

16. Your Obligations. You agree to:

A. Comply with all obligations imposed upon you by applicable provisions of state and local building codes materially affecting health and safety.

B. Keep the premises and such other areas as may be assigned for your exclusive use in a decent, clean, sanitary, and safe condition, and the inside of premises maintained according to acceptable housekeeping standards.

C. Dispose of all garbage, rubbish, and other waste from the premises in a sanitary and safe manner.

D. Use only in a reasonable manner, and in a manner designed to conserve gas and electricity, all electrical, plumbing, sanitary, heating ventilating, air conditioning, and other facilities and appliances.

E. Promptly notify us of the need for repairs to the premises and known unsafe conditions in the common areas and grounds of the project which may lead to damage or injury.

F. Refrain from, and cause your household and guests to refrain from destroying, defacing or removing any part of the premises or project, including placing contract paper, decals, or paint on the premises.

G. Pay for the repairs or damages to the premises project building, facilities, or common areas that you or your household or guests intentionally or negligently cause, normal wear and tear expected.

H. Conduct and cause other persons who are on the premises with your consent to conduct themselves in a manner which will not disturb neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the project in a decent, safe, and sanitary condition.

I. Refrain from illegal or other activity, which impairs the physical or social environment of the premises.

J. Park, and cause guests to park, only in assigned parking areas, and not park in common driveways or lawn areas, and not block access to other residents' or emergency vehicles and exits.

K. Comply with the written rules described in Section 10 above.

L. You are required to attend all legal meetings with Management regarding probable breach of the Lease and/or House Rules. Twenty-four (24) hours written notice shall be considered reasonable notice for purposes of discussing any just cause for termination of your Lease either by you or us as provided in this Lease.

17. Our Obligations. We agree to:

A. Comply with the requirements of applicable state and local building and housing codes and regulations materially health and safety.

B. Within a reasonable time, make or require necessary repairs to the premises to keep them in a habitable condition.

C. Keep project building, facilities, and common areas, not otherwise assigned to you for maintenance and upkeep, in a clean safe condition.

D. Maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, ventilating, and other facilities and appliances supplied or required to be supplied by us.

18. Termination and Eviction.

A. You may terminate tenancy in the premises by giving 30 days' written notice to us. If you do not give the full 30 days' notice, you shall be liable for rent up the end of the 30 day for which notice was required or to the date the unit is re-rented, whichever comes first. You agree to vacate the premises no later than the expiration date of such notice, remove all your personal property, and leave the premises clean and in good repair.

B. We may terminate this lease and if necessary evict you if:

(1) You fail to move out of the premises on or before the effective date of termination given in the notice required in subsection B. above.

(2) You materially breach the terms of this lease. A material breach means:

a. nonpayment of rent or any other financial obligation under the lease after expiration of a 10-day pay or quit notice. In the event of a returned check or any other instance where rent or other financial obligations under the lease are not properly tendered prior to the 15th day of the month, a 3-day pay or quit notice will be issued and eviction procedures will proceed at the expiration of that notice, or

b. four or more late rent payments within any 12 month period received after the fifth day of the month, or

c. failure to reimburse us within 30 days or other reasonable time agreed upon by you and us for repair required to maintain the premises (Section 8. of this lease), or

d. a breach resulting in damages to the premises or any other portion of the project, or

e. a breach which adversely affects the health, safety, or quiet enjoyment of any resident or visitor to the premises, or

f. a breach which interferes with our responsibilities.

(3) You fail or refuse to provide the income information upon "income certification" required by Section 4. of the lease or intentionally provide false or incomplete information.

(4) You fail to fulfill the obligations of this lease.

C. Any notice of termination or eviction shall contain a statement of the facts constituting the cause for the termination or eviction and a statement of your right under the grievance and appeal procedure described below.

D. If suit is brought by either party hereto to enforce any of the terms of this Lease, the successful party shall be entitled to recover all of its costs including, but not limited to, attorneys' fees actually paid, or to be paid, by the successful party.

19. Grievance and Appeal Procedure. We have adopted a procedure in accordance with Program Regulations for the resolution of disputes arising out of this lease or your occupancy of the premises. The procedure establishes your right to a hearing on grievances related to your occupancy and appeal of any of our decisions regarding your occupancy, including notices of termination and eviction. By initialing as provided, you acknowledge receipt of such procedure upon occupancy.

\_\_\_\_\_  
(Initial)

20. Waiver. Our failure to insist upon the strict performance of the terms, covenants, agreements, and conditions contained herein, or any of them, shall not constitute or be construed as a waiver or relinquishment of our right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

21. Additional Lease Provisions. Additional provisions are incorporated and attached to this lease as Exhibit(s) A1\_\_\_\_\_.

22. Acknowledgment. As consideration for your continued fulfillment of the terms and conditions of this lease, we agree that you may, during the effective period of this lease, have and enjoy the use of the premises described above.

Management:

Co-Resident

NAME

By  
NAME

Date:

Owner's Representative  
TITLE

Co-Resident  
NAME

## **EXHIBIT E**

### **SCHEDULE OF INSURANCE REQUIREMENTS**

#### **1. General Requirements**

In order to close, the following insurance specifications must be met and approved in writing by the Bank. 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 preclosing 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. All documents and other materials relating to insurance for this Loan should be mailed, delivered or directed to:

Boston Private Bank & Trust Company  
Post Office Box 4020  
Napa, CA 94558  
Attn: Insurance Department

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 preclosing. 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 nonpayment 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. 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, noncontributory, mortgagee clause:

Boston Private Bank & Trust Company, individually  
Suite 100  
16000 Ventura Boulevard  
Encino, CA 94136  
Attention: Sylvia Bettencourt

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:

- ***Hazard/Fire Insurance.*** Hazard / Fire insurance must contain a Guaranteed Replacement Cost Clause, with total insurance in an amount at least equal to the greater of (a) the amount of the first mortgage or (b) 100% of the replacement cost of the Improvements upon the Land, as determined by the insurance provider. Boston Private Bank & Trust Company must be included in the policy as a notice recipient in the event of any cancellation of the policy.
- ***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.

- ***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 nonrecurring expenses) for a 12-month period.
- ***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; and (b) the insurance provided for in Paragraph 1 hereof written in a so-called builder’s risk completed value form (1) on a nonreporting basis, (2) against all risks insured against pursuant to said Paragraph 1 hereof, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions.
- ***[Reserved]***
- ***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) in an amount not less than \$2,000,000 per occurrence, and \$5,000,000 in the annual aggregate. 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.

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

- ***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 BR's	# of BA's	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 BR's	# of BA's	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

## **EXHIBIT G**

### **FORM OF RENT TRANSITION PLAN**

#### **Tenant Relocation Preparation and Guidance**

In preparation for the extensive rehabilitation that will require temporary relocation within the building, the relocation consultant and property manager will conduct group meetings to notify the tenants of the plans for each of the properties, the plan to increase rents over the next three to four years after the rehabilitation is complete and plans for assisting tenants in accessing human and social service opportunities as this process unfolds. Tenants will be advised that rent transition financial resources will be made available to qualifying tenants and that all tenants will receive assistance with resource contacts on the state and city level in individual meetings with the property manager, relocation consultant and potentially others. In addition to these group meetings, tenants will also have an extensive one-on-one consultation with the property manager and relocation consultant to review their rent increases over the next three to four years and given contact information and assistance with city and state resources, such as housing assistance providers, job training advisers and providers and other assistance that might be helpful in the transition to the higher rent levels. In addition to these meetings all tenants will receive written notices, as required by the Uniform Relocation Act, of the overall renovation plans and notice of the plans for their relocation.

Although specific dates are to be determined, meetings will be prior to the beginning of construction. At those meetings tenants will receive a comprehensive overview of construction period, relocation timeframe, renovation plans, rent increases and potential city and state resources, such as housing assistance providers, job training advisers and providers and other assistance that might be helpful in the transition to the higher rent levels. It is anticipated that one group meeting will be required to provide an overview of the overall rent increases, while individual tenant/household meetings will be scheduled following the group meetings to go over each individual case.

At the group meetings, tenants will be provided written information on the overall work schedule as well as the scope of work. Information will be distributed outlining the work schedule which is established around the renovation of five units per week. Moves will be scheduled for weekends only, preventing tenants from any loss of time from their work-week. During Sunday move-outs or Saturday Move-ins, sponsor representatives will be available on site for purposes of seamless coordination and communication with tenants. Prior to tenant relocation, five vacant units to be renovated as models and will subsequently be used to house tenants while their units are being renovated. These units will also reflect the extent of the scope of work which includes; replacement of flooring with new flooring and carpet throughout, new window treatments, resurfaced balconies, new granite counter tops, new wood cabinetry, replacement of appliances and casework, replace of toilets and sinks, new GFI receptacles, new energy saving light fixtures, the painting of interior and exterior surfaces, new a/c and

replacement of diffuser grills, new CO monitors, new bathroom exhaust fan, complete elevator refurbishment and new flooring throughout the common areas (the more extensive rehabilitation will occur in Roberta Stephens, Central Avenue and One Wilkins Place).

Tenants will be provided a daily schedule, showing rehabilitation work to be completed during regular daytime work hours (8am to 5pm) Monday thru Friday, with certification that holidays will be honored and no tenants will be out of their original unit during any major holiday. Prior to turnover, each model unit will be cleaned and sanitized after each tenant moves back into their unit. Upon the completion of a unit's renovation, the sponsor representative, relocation consultant, property manager and contractor will inspect all units for life and safety purposes prior to occupancy by tenants.

At the initial group meeting, the relocation consultant and property manager will outline the anticipated rent increases and their effective dates, highlighting the need to schedule individual meetings in order to fully detail rent increases. The property manager will also provide examples of the 90-day, 60-day and 30-day Rent Increase Notices to be distributed on the appropriate dates. These notices will provide clarification and reminders of the effective date and the amount of the rent increase. The relocation consultant and property manager will outline how rents have remained very low for many years and that it is impossible to maintain the property under the current terms. Rents must increase in order to continue to provide decent, safe, and habitable housing. A list of comparable market rate units will also be distributed, providing tenants a detailed comparison of rents. The property manager and relocation consultant will introduce the human services contacts that are available to tenants and that will be described in more detail in individual meetings with tenants.

Following the group meeting, tenants will schedule individual/household meetings with the relocation consultant and property manager. A sign-up sheet will be provided immediately and kept onsite for scheduling purposes. If a tenant does not sign up, or is incapable of making any times listed, the relocation consultant and property manager will address and schedule accordingly. At tenant meetings, personal questions will be answered and schedules will be introduced and gone over in detail. They will be given information on the unit they are moving into during renovations, as well as Saturday move out time and Sunday move-in time. The relocation consultant will convey that tenants are required to follow the relocation schedule (as distributed in the meeting) by packing their belongings as instructed and on time, with boxes and packing materials provided by the relocation consultant, at no cost to the tenant. The complete scope of work will also be presented, with examples of new appliances, cabinetry, flooring and fixtures. Perhaps most important, the incremental rent increases and the Rent Subsidy Fund will be thoroughly explained. Tenants will be supplied a spreadsheet, outlining their current rent, the amount subsidized by the Fund, and schedule of rent increases. The Notices of Rent Increases will be reintroduced, filled out and explained. These notices will not be distributed until appropriate dates related to the implementation of this plan. Tenants will be shown that no economic displacement will occur, because rent increases will be limited to five percent (5%) or less for all those tenants whose rents currently or eventually will exceed thirty percent (30%) of their household income. For those tenants most affected by the rent increases, City and state resources will be engaged to find other sources of funds to help pay the higher rents.

Each individual meeting will be scheduled in order to give ample time for questions and clarification on any issues. Contact information of all members of the meeting will be distributed, and if necessary further meetings will be scheduled to clear up any outstanding trepidations.



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**LOAN AGREEMENT**

between

**CITY OF LOS ANGELES,**  
as Issuer

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

and

**FIGUEROA SENIOR HOUSING PRESERVATION, L.P.,**  
as Borrower

relating to

[\$[4,400,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Figueroa Seniors Apartments),  
Series 2014H

Dated as of [ ] 1, 2015

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The interest of the City of Los Angeles (the “Issuer”) in this Loan Agreement has been assigned (except for certain “Reserved Rights” as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to 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** (together with all supplements, modifications and amendments thereto, this “**Loan Agreement**”) is dated as of [\_\_\_\_\_] 1, 2015, among **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California (together with its successors and assigns, the “**Issuer**”), **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 **FIGUEROA SENIOR HOUSING PRESERVATION, L.P.**, a California limited partnership (together with its successors and assigns, the “**Borrower**”).

### WITNESSETH:

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

WHEREAS, Issuer is authorized by pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “**Law**”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “**Act**”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto; and

WHEREAS, on January 14, 2014, the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, rehabilitation and equipping of Figueroa Seniors Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 5503 South Figueroa Street, Los Angeles, California, on the site more particularly described in Exhibit A hereto (the “**Project**”) and the City Council of the Issuer subsequently adopted resolutions dated July 1, 2014 and [\_\_\_\_\_] 2015 (together, the “**Resolution**”) authorizing the issuance of bonds for such purpose; and

WHEREAS, the Issuer has determined to issue its City of Los Angeles Multifamily Housing Revenue Bond (Figueroa Seniors Apartments), Series 2014H in the aggregate principal amount of \$4,400,000, (referred to in this Loan Agreement as the “**Bond**”), pursuant to the Trust Indenture (the “**Indenture**”) dated as of even date herewith, executed by the Issuer and the Trustee, for the purpose of providing funding necessary for the acquisition, rehabilitation and equipping by the Borrower of the Project; and

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

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated as of even date herewith in an original principal amount equal to the aggregate original principal amount of the Series 2014H Bond in substantially the form set forth on Exhibit B hereto (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 (i) 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”), and (ii) 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”) each dated as of even date with this Loan Agreement, for the benefit of the Issuer as secured party;

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

## ARTICLE I

### DEFINITIONS

**Section 1.01. 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 Forman, Richter & Rubin, 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.

“*Actual Operating Revenue*” means, with respect to any period of time, all income, computed on an annualized basis in accordance with generally accepted accounting principles, collected from the ownership and operation of the Property from whatever source (other than any source affiliated with Borrower or any Guarantor), including Rents, utility charges, escalations, service fees or charges, license fees, parking fees, and other required pass-throughs, but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds from tenants, uncollectible accounts, sales of furniture, fixtures and equipment, interest income, condemnation awards, insurance proceeds (other than business interruption or other loss of income insurance), unforfeited security deposits, utility and other similar deposits, income from tenants not paying rent, income from tenants in bankruptcy, and non-recurring or extraordinary income, including lease termination payments. Actual Operating Revenue shall be net of rent concessions and credits. Actual Operating Revenue shall be subject to appropriate seasonal and other adjustments in Bank’s reasonable discretion.

“*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 Birba Group.

“*Architect’s Contract*” means the AIA Standard Agreement, dated [\_\_\_\_], 20\_\_\_\_, between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the rehabilitation and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.

“*Bank*” means Boston Private Bank & Trust Company, a Massachusetts Trust Company, and its successors and assigns.

“*Calculation Period*” means the most recently ended six (6) month period ending on the last day of the applicable reporting period for which Bank requires financial statements.

“*Cash Collateral Account*” has the meaning set forth in Section 5.15(e)(i).

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

“*Capital Obligations*” means Investor Limited Partner’s capital contributions to Borrower in the total amount of [\_\_\_\_\_] and NO/100 Dollars (\$[\_\_\_\_]) as set forth in, evidenced by, and subject to the conditions of the Partnership Agreement.

“*Cash Sweep*” has the meaning set forth in Section 5.15(e)(i).

“*Cash Sweep Termination Date*” means the first day of the calendar month following a Sweep Date when any of the following has occurred: (a) if the Cash Sweep was established due to a breach of any of Sections 5.03 (a)(i)-(iii), (b), (e) or (h), then upon the receipt of such delinquent reports; (b) if the Cash Sweep was established due to a breach of Section 5.15(b), then upon accumulation of the requisite amount required, if such amounts were used to prepay a like principal amount of the Loan, to achieve an 80% Loan-to-Value Ratio in the Cash Collateral Account (as set forth in Section 5.15(f)(i)); provided however, Borrower may not obtain a release of the funds contained in the Cash Collateral Account until the Bank has received and approved of a third-party appraisal commissioned and paid for by Borrower demonstrating a Loan-to-Value Ratio of less than or equal to eighty percent (80%); (c) if the Cash Sweep was established due to a breach of Sections 5.15(c) or 5.15(d), then either (i) once Borrower has achieved a Debt Service Coverage Ratio greater than or equal to 1.15 to 1.00 (determined based on a 12-month rolling calculation) and no Event of Default set forth in Sections 7.01(a) through 7.01(u) is then continuing, in which case the Cash Sweep will cease, and funds from the Cash Collateral Account will be returned to Borrower at Borrower’s request; or (ii) once the funds contained in the Cash Collateral Account exceed twelve (12) months of Debt Service and Borrower has achieved a minimum Debt Service Coverage Ratio greater than or equal to 1.10 to 1:00

(determined based on a 12-month rolling calculation), and no Event of Default is then continuing, in which case the Cash Sweep will cease, and Bank will continue to hold funds in the Cash Collateral Account until Borrower achieves a Debt Service Coverage Ratio of 1.15 to 1.00; or (d) if the Cash Sweep was established due to a breach of Section 5.15(e), upon receipt of evidence to the Bank's satisfaction that the sum of funds held in the Cash Collateral Account established due to a failure to satisfy the Leverage Covenant plus the General Partner's Unrestricted Net Assets together satisfy the Leverage Covenant described in such Section.

*"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.

*"Completion Agreement"* means Completion Agreement by BlueGreen Guarantor and General Partner in favor of the Issuer.

*"Construction Contract"* means the contract, dated [\_\_\_\_\_], 20\_\_ between the Borrower and the Contractor, providing for the rehabilitation 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 Shangri-La Construction, LP.

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

*"Debt Service"* means the actual principal (if any) and interest payable under the Loan during the applicable Calculation Period.

*"Debt Service Coverage Ratio"* means as of any Debt Service Coverage Ratio Testing Period, the ratio, as determined by Bank, of Net Operating Income to Debt Service based on management prepared financial statements and, for the period ending on December 31, confirmed with audited financial statements .

*"Debt Service Coverage Ratio Testing Period"* means, the 12 month period ending on each Determination Date.

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

*"Determination Date"* means, each June 30 and December 31 following the Conversion Date.

*“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 rehabilitate and equip the Improvements in accordance with the Plans and Specifications.

*“Excess Cash Flow”* means, for any calendar month, an amount equal to:

(a) actual gross revenues of Borrower for such calendar month attributable to the Property (including, without limitation, all rentals, room charges, service and other fees or charges, license fees, parking fees and other revenues and cash payments of any kind received by the Borrower), less

(b) an amount equal to (i) actual operating expenses paid by Borrower during such calendar month and attributable to the Property (provided, that such calculation shall (A) include management fees paid or payable and allocable to such month pursuant to a property management agreement approved by the Bank, (B) include any reserves funded pursuant to the terms of the Loan Documents or which are otherwise deemed necessary by Borrower for the operation, maintenance or improvement of the Property and approved by Bank in its reasonable discretion; (C) include any Housing Tax Credit Shortfall Payment (as defined in the Partnership Agreement) or asset management fee payable to [WNC Institutional Tax Credit Fund X California Series 12, L.P., a California limited partnership], or its successor or affiliate, each as set forth in the Partnership Agreement; and (D) exclude depreciation, amortization, other non-cash items and any amounts payable to affiliates of the Borrower (other than management fees referenced in clause (b)(i)(A) above and payments under (b)(i)(C) above)), plus (ii) the pro-rated portion of income taxes (if any) and any other annual payments which are not paid evenly over a 12-month period (such as audit expenses) allocable to such calendar month, together with principal and interest paid with respect to the Loan for such calendar month.

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

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

*“General Partner”* means Figueroa Economical Housing Development Corporation, a California nonprofit public benefit corporation, together with any permitted successors and assigns as general partner of Borrower.

*“General Partner Documents”* means the Environmental Indemnity.

*“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 rehabilitation, equipping and operation of the Project thereon.

*“Guarantor Documents”* means the Environmental Indemnity, the Payment Guaranty and the Completion Agreement.

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

*“Improvements”* means the 65-unit (plus one manager’s unit) multifamily rental housing project with related site improvements and amenities located on the Land and rehabilitated, 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.

*“Indemnified Costs”* means all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), including those incurred in connection with any investigation of site conditions or any remedial, removal or restoration work (whether of the Project or any other property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources, but excluding any Costs (as defined in the Indemnity Agreement), which Costs are subject to payment as is set forth in the Indemnity Agreement. Borrower shall not settle or compromise a claim giving rise to liability on the part of an Indemnified Party without the approval of such Indemnified Party.

*“Indemnified Party”* or *“Indemnified Parties”* means and includes the Trustee, Issuer, Servicer and the Majority Owner, its parent, subsidiary and affiliated companies, assignees of any of Servicer’s or Majority Owner’s interest in the Loan or the Loan Documents, owners of other interests in the Loan or the Loan Documents, any purchasers of the Project at any foreclosure sale or from Majority Owner or any of its affiliates, and the officers, directors, employees and agents of each of them, past, present and future.

*“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, the Issuer or the Majority 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 owner of the Bond for federal income tax purposes.

*“Interest Rate Cap Contract”* means any agreement, whether or not in writing, relating to any Interest Rate Cap Transaction, including any master agreement, entered into prior to the date hereof or any time after the date hereof, between Interest Rate Cap Counterparty and Borrower (or its Affiliate), together with any related schedules and confirmations, as the same may be amended, restated, replaced, supplemented, superseded or otherwise modified from time to time in accordance with its terms, relating to or governing any or all of the foregoing.

*“Interest Rate Cap Counterparty”* means Boston Private Bank & Trust Company, or an Affiliate of Boston Private Bank & Trust Company, in its capacity as counterparty under any Interest Rate Cap Contract.

*“Interest Rate Cap Transaction”* means any transaction that is a rate swap, basis swap transaction, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, note or bill option, interest rate option, forward foreign exchange transaction, cap transaction, spot or floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, swap option, currency option, credit swap or default transaction, T-lock, or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, entered into prior to the date hereof or any time after the date hereof between Interest Rate Cap Counterparty and Borrower (or its Affiliate) so long as a writing, such as an Interest Rate Cap Contract, evidences the parties’ intent that such obligations shall be secured by the Mortgage in connection with the Loan.

*“Investor Limited Partner”* means [Hunt Entity], a [State] [form of business], together with its permitted successors and assigns as limited partner in Borrower.

*“Issuer’s Fee”* means the fees described in the Regulatory Agreement, including, but not limited to, Sections 7(n) and (o) thereof.

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

*“Letter of Credit”* means that certain Irrevocable Letter of Credit No. 15OSL\_\_\_\_\_, issued by East West Bank, for the benefit of Bank, dated as of [\_\_\_\_\_] \_\_\_, 2015 in a stated amount of \$[\_\_\_\_\_].

*“Lien”* means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an



obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall also include any and all reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project or any part thereof or any interest therein.

“*Liquidity Reserves*” means a liquidity reserve account, to be opened and maintained at the Bank upon the Conversion Date in accordance with Section 5.22(i) of this Loan Agreement.

“*Loan-to-Value Ratio*” means the total unpaid principal amount of the Loan divided by the appraised “As-Is” value of the Property. The appraised “As-Is” value of the Property shall be based upon the most recent appraisal prepared by a third-party appraiser acceptable to Bank. The appraisal shall be satisfactory to Bank in all respects, as reviewed, adjusted and approved by Bank. For purposes of this ratio only, the Bank shall only be entitled to commission an appraisal on or about each five year anniversary of the Conversion Date

“*Management Agreement*” means the Property Management Agreement dated as of [\_\_\_\_], 20\_\_\_\_, [as amended by an amendment dated as of \_\_\_\_\_ 1, 20\_\_\_\_,] between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

“*Manager*” means [\_\_\_\_], or any successor manager of the Project approved by the Bank, (which approval of the Bank shall not be unreasonably withheld) and the Issuer (which approval of the Issuer shall not be unreasonably withheld and shall be deemed granted if not rejected within 10 days of receipt of written request therefor).

“*Net Operating Income*” means, for any period, (a) actual Project Revenues for such period less the Operating Expenses for such period.

“*Obligations*” means all present and future debts, obligations and liabilities of Borrower to Bank arising pursuant to, or on account of, the provisions of this Agreement, the Note or any of the other Loan Documents, including the obligations: (a) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the Note; (b) to pay all expenses, indemnification payments, fees and other amounts due at any time under the Mortgage or any of the other Loan Documents, together with interest thereon as provided in the Mortgage or such Loan Document; (c) to pay and perform all obligations of Borrower (or its Affiliate) under any Interest Rate Cap Contract; and (d) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower is required to perform, observe or comply with pursuant to the terms of this Agreement, the Mortgage or any of the other Loan Documents. Notwithstanding any language contained in the Loan Documents, the Obligations of Borrower to pay and perform under the Environmental Agreement are unsecured.

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

*“Operating Deficit Guaranty Period”* means the period beginning on the Conversion Date, and continuing for a period of 36 months thereafter.

*“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 multifamily 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; noncapital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the management agreement approved by the Bank; 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; payments made into the Replacement Reserves; 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 noncash 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; expenditures funded by disbursements from any reserves; 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 Issuer or the Trustee after an Event of Default, and franchise and income taxes of the Borrower.

*“Operating Reserves”* means an operating reserve account, to be opened and maintained at the Bank upon the Conversion Date in accordance with Section 5.22(e) of this Loan Agreement.

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

*“Origination Fee”* means [\$44,000] an amount equal to 1% of the maximum principal amount of the Bond.

*“Partnership Agreement”* means the [Figueroa Senior Housing Preservation, L.P. Amended and Restated Limited Partnership Agreement] of the Borrower dated as of [\_\_\_\_\_], 2015, between 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.

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

*“Plans and Specifications”* means the plans and specifications for the Project prepared by the Architect and more particularly described in the 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, rehabilitation 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 rehabilitation and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements.

*“Projected Operating Expenses”* means \$[\_\_\_\_\_] per annum (as may be increased on an annual basis subject to the Servicer’s review and consent of the Proposed Budget), 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 rehabilitation 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), plus all required deposits into the Replacement Reserves and Operating Reserves.

*“Project Revenues”* means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof, adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service, parking income and draws from the Rent Transition Reserve according to the Rent Transition Plan, but

exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards and (iv) security deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases.

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

*“Property Value”* means the “as-is” appraised value of the Property (taking into account the value of any federal low income housing tax credits to be allocated to the Project), as determined by an appraisal commissioned and performed by an appraiser acceptable to the Bank following completion of the Project.

*“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.

*“Rent Transition Plan”* means a written plan, approved by the Servicer, that sets forth Borrower’s anticipated increase in tenant rents to the extent permitted under the California Tax Credit Allocation Committee rental guidelines as set forth in Exhibit G incorporated herein by reference, which plan shall remain in place for a period of forty-two (42) months from the Closing Date.

*“Rent Transition Plan DSCR Calculation”* means, an alternative calculation of the Debt Service Coverage Ratio, to be applied during the term of the Rent Transition Plan. The Rent Transition Plan DSCR Calculation will be calculated based on rent levels based on TCAC guidelines and approved by Majority Owner (the “Rent Transition Plan Approved Rents”), in lieu of actual rents received from Tenants, to be calculated as follows: the Rent Transition Plan Approved Rents, reduced by a theoretical 5% vacancy rate and by actual Operating Expenses of the Property, as approved by the Majority Owner.

*“Rent Subsidy Account”* means a capitalized account, to be opened and maintained at the Bank in accordance with Section 5.22(f) of this Loan Agreement.

*“Replacement Reserves”* means a replacement reserve account, to be opened and maintained at Bank upon the first anniversary of the Conversion Date in accordance with Section 5.22(e) of this Loan Agreement.

*“Required Equity Funds”* means contributions by Investor Limited Partner under the Partnership Agreement.

*“Reserved Rights”* means, means rights of the Issuer, its members, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to enforce and receive payments of money directly and for its own purposes under Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(l), 3.02(b), 3.02(d), 3.02(e), 5.03, 5.06,

5.13, 5.14, 5.19, 5.21(b), 6.03(a)(ii), 7.04 and 7.08 (as it relates to the Issuer) of this Agreement, the Issuer's rights to indemnification, to receive notices and the right to enforce such rights, including the Issuer's rights under and relating to the enforcement of the Regulatory Agreement, to receive the Rebate Amount under this Agreement, its rights of access, and to the extent not included above, the rights specifically reserved by the Issuer under the Indenture.

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

*"Special Limited Partner"* means, initially [\_\_\_\_\_] as special limited partner of the Borrower and all successors and assigns under the Partnership Agreement.]

*"Special Reserve Account"* means a reserve account, to be opened and maintained at Bank upon the first anniversary of the Conversion Date if required in accordance with Section 5.22(g) of this Loan Agreement.

*"Subordinate Loans"* means those certain loan funds in the original principal amount of [\$\_\_\_\_\_], secured by that certain [Deed of Trust], recorded on [DATE] in the official records of the Los Angeles County Registrar-Recorder's Office as document number [\_\_\_\_\_].

*"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 Credits"* means the federal low income housing credits available with respect to the Project.

*"Title Insurance Company"* means North American Title Insurance Company.

*"Title Policy"* means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Servicer and, its successors and assigns, as their interests may appear (with such with customary endorsements, 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.

*"Trustee Fee"* means the annual administration fees of the Trustee, for the ordinary services of the Trustee rendered under the Indenture during each 12-month period and shall be equal to 0.10% of : (i) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (ii) following the Conversion Date, the outstanding principal amount of the Bond, with an annual minimum fee of \$1,200, payable annually in arrears on each [\_\_\_\_\_] 1 commencing [\_\_\_\_\_] 1, 2016.

*“Unrestricted Net Assets”* means assets of a nonprofit which are not subject to any designation, reservation, pledge or restriction and which can be utilized for any decided-upon purpose.

**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 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.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS

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

(a) The Issuer is a charter city and municipal corporation in the State, duly organized, validly existing and in good standing under the Act and the laws of the State.

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

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

(d) Neither of the Issuer nor any officer, member, supervisor, director, official, employee, counsel, attorney or agent of the Issuer has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(e) To the best knowledge of the Authorized Representative of the Issuer executing this Loan Agreement, there is no action, suit, proceeding, inquiry or investigation pending or threatened against the Issuer by or before any court, governmental agency or public board or body, which: (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bond; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bond; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bond; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bond or to carry out the transactions contemplated by any of the Issuer Documents or the Bond.

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

(g) The Issuer has used no broker in connection with the execution hereof and the transactions contemplated hereby.

**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 the State. The General Partner is, and at all times will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State.

(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 [\_\_\_\_\_]. The federal employer identification number for the Borrower is [\_\_\_\_\_].

(f) On the Closing Date, the Borrower will acquire and 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) No material adverse change has occurred in the financial conditions reflected in the financial statements of Borrower or any Guarantor since the respective dates of such statements, and no material additional liabilities have been incurred by Borrower since the dates of such statements other than the borrowings contemplated herein or as approved in writing by Bank. The foregoing representations shall only apply as of the date hereof and shall not be restated at any time hereafter for any purposes under the Loan.

(k) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(l) None of the Issuer, the Trustee or any officer, director, member, supervisor, director, official, employee, counsel, attorney or of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(m) 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.

(n) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Borrower's 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 Borrower's 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 Borrower's Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

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

(p) The Borrower is not contemplating either the filing of a petition by it, 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.

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

(r) 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.

(s) 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.

(t) 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).

(u) All information regarding the Borrower, the Project and any Obligor delivered to the Issuer, 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 as of the date and for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Borrower or the other Obligors to the extent applicable accounting principles required such disclosure.

(v) To the Borrower’s knowledge, there are no actions, suits, proceedings or investigations of any kind pending or threatened against the Borrower, 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, 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, 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 rehabilitate, 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.

(w) 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.

(x) 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.

(y) 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 rehabilitate and equip the Improvements and to use, occupy and operate the Project.

(z) Except as set forth on Exhibit C hereto, 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 rehabilitation 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 listed and described on Exhibit C hereto, 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.

(aa) 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 rehabilitation and equipping of the Improvements.

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

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

(dd) 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.

(ee) 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.

(ff) 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.

(gg) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties (except those contained in Section 2.02(j)) remain true and correct as of the date hereof.

(hh) 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) 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”).

(ii) BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY 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 ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02(ii) HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

(jj) Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer, Servicer or the Majority Owner is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and its interests therein; and that it has not relied on Issuer, Servicer or the Majority Owner for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement or otherwise relied on Issuer, Servicer or the Majority Owner in any manner.

(kk) At the written request of Boston Private, Borrower will list Boston Private’s name on any signage located at the Project during the period when approved construction is occurring at the Project.

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

- (a) [reserved];
- (b) Comply with all Legal Requirements and promptly furnish the Issuer, the Trustee and the Servicer with reports of any official searches made by any Governmental Authority and any claims of violations thereof;
- (c) Upon reasonable notice and at reasonable times, permit the Servicer, the Majority Owner, the Issuer and the Trustee (or their representatives) to enter upon the Land and inspect the Project;
- (d) Indemnify the Issuer, the Trustee, the Majority 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 Issuer 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 Issuer, 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 Issuer, the Trustee, or the Servicer or the duly authorized agent of any of them and shall keep copies of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Trustee, the Servicer or the duly authorized agent of any of them;

(k) [reserved];

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

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.

### **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 Issuer has, consistent with its duties and purpose under the Act, issued and caused the Trustee to authenticate and deliver the Bond pursuant to the Indenture to the initial Majority Owner. The Bond bears interest and is payable as provided therein and in the Indenture. The Bond shall mature and all Outstanding principal of, interest and Additional Interest (if any) on the Bond shall be due and payable in full on the Maturity Date, all as provided more fully in the Bond and the Indenture.

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

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, 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 Issuer, the Trustee is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee's making disbursements from the Project Fund in accordance with such Requisition. Neither the

Trustee nor the Issuer 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) On the Closing Date, the Borrower shall pay to the Trustee, for deposit into the Project Fund, all legal (including Bond Counsel and the respective counsel to Borrower, Issuer, Majority Owner and Trustee), abstractors', title insurance, financial, engineering, environmental, construction services, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer, Majority Owner and Trustee on or before or in connection with issuance of the Bond; provided however, that Borrower's liability for the costs set forth in this Section 3.02(a) shall survive any failure to close on the Bond, and such payment shall be due within 10 days of written notice thereof. Beginning one month following the Closing Date, Borrower shall pay to the Trustee, for deposit into the Project Fund, on the first day of each month thereafter, an amount equal to 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) as of such date. On the Conversion Date, the Borrower shall pay the principal of the Bond in such amount as required under the Indenture. Beginning upon the first day of the month following the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Revenue Fund, on the first day of each month, an amount equal to the sum of (i) 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), plus (ii) the principal 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 the Bond is based upon the assumption that interest income paid on the Bond will be excludable from the gross income of the Majority Owner under Section 103 of the Code and applicable state law. In the event that an Initial Notification of Taxability shall occur (unless caused solely as a result of a merger, reorganization or other corporate restructuring of the Majority Owner), then the interest rate on the Note and the Bond, and on all obligations under this 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, an amount equal to the Additional Interest payable on the Bond. The Borrower shall also indemnify, defend and hold the Majority Owner harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Majority Owner' 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 Majority Owner with respect to the Bond. The obligations of the Borrower under this Section 3.02(b) shall survive termination of this Agreement, the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.02(b), a final determination is made, to the satisfaction of the Majority Owner, that interest paid on the Bond is excludable from the Majority Owner's gross income under Section 103 of the Code and applicable state law, the Majority 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 (i) the Trustee Fee and Trustee Expenses to the Trustee, (ii) the Origination Fee to the Majority Owner and (iii) the Issuer's Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Trustee, the Majority Owner and the Issuer, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel, Majority Owner and counsel to the Trustee), as and when the same become due, and to pay within 30 days after receipt of request for payment thereof, which request shall set forth the relevant expenses, all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Costs of Issuance paid at Closing), of the Issuer incurred by the Issuer at any time in connection with the Bond or the Project ("Issuer's Expenses"), including any amendment, interpretation and enforcement of any of the Loan Documents. Borrower will also promptly pay all costs and expenses incurred by Issuer and/or Trustee in connection with the making, disbursement and administration of the Loan and the issuance and administration of the Bond. Such costs and expenses shall be paid by Borrower in addition to Issuer's Ongoing Fee, Issuer Expenses and Trustee Expenses, which Borrower shall pay as and when required by the Indenture and this Agreement. Borrower agrees to pay all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee Expenses, Issuer's Expenses and the Issuer's Ongoing Fee) incurred under the Indenture, as and when the same become due. Borrower will also pay the fees and expenses of any Arbitrage Analyst engaged with respect to the Bond, and will pay any amounts due and owing to the U.S. Treasury as rebate payments.

(d) The Borrower 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 Majority Owner is not liable. The Borrower also agrees to pay all reasonable costs and expenses incurred by the Trustee in connection with the administration of the Bond, the Loan or the collateral therefor, and any amendments, modifications or "workouts" thereof, including without limitation reasonable attorneys' fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs upon receipt of written demand therefor.

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

(f) The Borrower agrees to pay the Bank on or before the Closing Date, a loan fee equal to one percent (1.0%) of the maximum principal amount of the Loan.

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

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

**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 Issuer in respect of its Reserved Rights and payments to be made to the Servicer and the Trustee pursuant to Section 3.02(c) hereof) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bond. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the Issuer, to the extent of the assignment, for purposes of 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 setoff, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete rehabilitation and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems

reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

## **ARTICLE IV**

### **ADVANCES**

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. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as Exhibit G to the Construction Disbursement Agreement and a completed requisition 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 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 Issuer. Upon approval, 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 rehabilitation and equipping of the Improvements within 30 days after the Closing Date, will diligently pursue rehabilitation and equipping of the Improvements, will complete such rehabilitation and equipping prior to the Termination Date (as defined in the Intercreditor Agreement), and will pay all sums and perform all such acts as may be necessary or appropriate to complete such rehabilitation 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.** The Borrower will deliver, or cause to be delivered, to the Bank and the Servicer (and upon request, to the Issuer):

(a) as soon as available, but in any event not later than 180 days after the end of each fiscal year of the Borrower, beginning for the year ended December 31, 2014: (i) a summary rent roll; (ii) an operating statement; (iii) an audited financial statement prepared in accordance with Generally Accepted Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant; and (iv) such further information as may be requested by the Issuer, the Bank or the Servicer;

(b) within 30 days after the end of each Debt Service Coverage Ratio Testing Period, management prepared statement of income, changes in capital, a statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower for the applicable 12-month period and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles;

(c) within 15 days after the receipt thereof, copies of any material notices received by Borrower in connection with any of the Subordinate Loans, the Subsidy Contract, or the Partnership Documents;

(d) within 15 days of the annual payment thereof, Borrower shall provide to the Servicer and Trustee evidence that: (i) Borrower has paid for all real property taxes for the Property or the Property is exempt from real property taxes; and (ii) Borrower has paid all premiums on the insurance policies required to be maintained pursuant to the Loan Documents;

(e) as soon as available, but in any event not later than within 30 days after the end of each fiscal year of Guarantor, beginning for the year ended December 31, 2014, a management prepared statement of income, changes in capital, a statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower for the applicable 12-month period and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles; provided however, that BlueGreen Guarantor will not be required to provide additional reporting following the term of its guaranty;

(f) from time to time such other financial data and information related to the Borrower, the General Partner and the Project as the Issuer, the Trustee, the Bank or the Servicer may reasonably request;

(g) as soon as available, but in any event not later than within 180 days after the end of each fiscal year of: (i) NNPH Guarantor beginning for the year ended December 31, 2014, NNPH Guarantor shall provide the Bank and Servicer audited financial statements; and (ii) BlueGreen Guarantor, beginning for the year ended December 31, 2014, BlueGreen Guarantor shall provide the Bank and Servicer its audited financial statements, if available, or, if not available, its accountant-prepared financial statements; and

(h) commencing on the date of this Agreement, and continuing through the term of the Rent Transition Plan, within 30 days of the end of each fiscal quarter,

Borrower shall provide the Bank with an update of all activities undertaken by Borrower in connection with the Rent Transition Plan, including, but not limited to meetings with tenants, relocation specialists and local government officials, and a summary of all lease activity, including successful relocations, new leases and lease terminations

#### **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 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, provide title insurance coverage over or 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 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 Servicer during such inspections (including making available working drawings of the Plans and Specifications), provided that this provision shall not be deemed to impose on the Issuer, the Trustee and the Servicer any obligation to undertake such inspections.

(b) The Borrower shall permit the Issuer, 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 Issuer, the Trustee and the Servicer may reasonably request, provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one such investigation during any 12-month period.

(c) The Issuer, 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 60-month period.

(d) The costs and expenses incurred by the Issuer, 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 Issuer, 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 for the purpose of paying costs of acquisition, rehabilitation and equipping of the Project and Qualified Project Costs (as defined in the Regulatory Agreement).

**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 complete the rehabilitation and equipping of the Improvements in accordance with the Plans and Specifications and to pay all other Project Costs, other than development fees to the developer regardless of how such condition may be caused, the Borrower will, within 10 days after written notice of such determination from the Trustee, deposit with the Servicer 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. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of a Default, 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 in accordance with Section 5.03 of the Indenture.

**Section 5.10. Laborers, Subcontractors and Materialmen.** The Borrower will furnish to the Issuer or the Servicer upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Issuer or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Issuer and the Servicer, at any time and from time to time upon reasonable request by the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the Servicer from the Contractor and such subcontractors or materialmen as 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 or 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 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, rehabilitation 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 Rehabilitation.*** The Borrower will furnish or cause to be furnished to the Issuer and the Servicer all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower's expense.

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

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

(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 Issuer, 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 hereunder or any of the other Loan Documents; (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 results of operations, business or properties of Borrower, Guarantor or any other Person liable for the payment or performance of any of Borrower's obligations; (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, rehabilitation, equipping, operation, or use of the Project; (f) any violation of law by Borrower or any Guarantor, or any claim or assertion by any Governmental Authority that the Property or Improvements fail to comply with any law; or (g) any investigation by any Governmental Authority, or any litigation, arbitration or other proceeding instituted or threatened against Borrower or any Guarantor or the Property, and any material development therein.

#### **Section 5.15. Financial Covenants.**

(a) **Loan-to-Value, Prior to the Conversion Date.** At all times prior to the Conversion Date, the principal amount of the advances under the Loan will be less than or equal to 95% of the then-undrawn portion of the Letter of Credit. The Loan-to-Value Ratio, prior to the Conversion Date will be tested upon each draw request.

(b) **Loan-to-Value, Following the Conversion Date.** At all times following the Conversion Date, the Borrower shall maintain a Loan-to-Value Ratio of less than or equal to eighty percent (80%).

(c) **Debt Service Coverage Ratio, Rent Transition Period.** During the period following the Conversion Date, and prior to the termination of the Rent Transition Plan (the "Rent Transition Period"), Borrower shall at all times maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.15 to 1.00, to be calculated using the Rent Transition Plan DSCR Calculation. This ratio will be tested by the Bank at the end of each Debt Service Coverage Ratio Testing Period; provided that any failure to meet such ratio shall not be an Event of Default hereunder.



(d) Debt Service Coverage Ratio, Post Rent Transition Period. Following the termination of the Rent Transition Plan, Borrower shall at all times maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.15 to 1.00. This ratio will be tested by the Bank at the end of each Debt Service Coverage Ratio Testing Period provided that any failure to meet such ratio shall not be an Event of Default hereunder.

(e) General Partner Unrestricted Net Assets. Following the Conversion Date, the General Partner shall demonstrate, relative to the consolidated balance sheet of its core operating subsidiaries, Unrestricted Net Assets of not less than \$[\_\_\_\_], of which no less than 25% (\$[\_\_\_\_]) shall be in cash or other liquid investments (the "Leverage Covenant") measured annually on the anniversary of the Conversion Date and confirmed by an audited financial statement of the General Partner. Upon a failure to satisfy the Leverage Covenant, the Cash Sweep provisions of Subsection (f) below shall apply.

(f) Cash Sweep Provision. In the event Borrower fails to meet any of the reporting covenants set forth in Section 5.03 (a)(i)-(iii), (b), (e) or (h) or the financial covenants set forth in Sections 5.15(b) through 5.15(e) set forth herein on the applicable date, the provisions of clauses (i), (ii), (iii) and, (iv) below shall apply until the applicable Cash Sweep Termination Date.

(i) For each calendar month commencing with the month after the applicable date when Borrower failed to meet the applicable covenant until the occurrence of the Cash Sweep Termination Date, Borrower shall cause to be delivered to the Bank monthly Excess Cash Flow by depositing such funds directly into a cash collateral account designated by the Bank and subject to the provisions set forth below (a "Cash Collateral Account"). Such monthly payments of Excess Cash Flow (the "Cash Sweep") shall be deposited for each month on or before the 15<sup>th</sup> day of the succeeding month after the commencement of the Cash Sweep (the "Sweep Date"). For example, if the Determination Date occurred on June 30, and the Cash Sweep commenced in July, then Excess Cash Flow for July shall be deposited on or before August 15<sup>th</sup>. During the period when the cash sweep is in effect, the Borrower shall deliver to the Bank on or before each Sweep Date, a detailed calculation of the Excess Cash Flow for such month in a form satisfactory to the Bank, together with an income statement, rent roll, and such other supporting statements, information and documentation that the Bank may request to verify the Borrower's calculation of the Excess Cash Flow.

(ii) Borrower hereby agrees (i) that each Cash Collateral Account established pursuant to the terms of this Agreement shall be an account established at the Bank and held in such name or names as the Bank shall deem appropriate, including in the name of the Bank, using Borrower's tax identification number, (ii) that Bank shall have exclusive control with respect to each Cash Collateral Account, including, without limitation, the exclusive right of withdrawal with respect to funds held therein (subject to the terms of this Agreement), (iii) to execute and deliver to the Bank any such account

agreements or designations or other documentation reasonably requested by Bank in order to open, maintain and/or control each Cash Collateral Account in accordance with the terms of this Agreement and (iv) that the Bank may, at its option, either use a pre-existing Cash Collateral Account or establish a new Cash Collateral Account in connection for deposit of the monthly payments of Excess Cash Flow. Cash Collateral Accounts shall be interest-bearing; provided, that all interest, if any, earned from time to time on funds deposited in any Cash Collateral Account shall be retained in the account as cash collateral held pursuant to the terms of this Agreement. Borrower hereby grants to the Bank, for the purpose of securing all of the Borrower's obligations, a security interest in each Cash Collateral Account established pursuant to the terms of this Agreement and all funds from time to time held therein. The Bank shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of California with respect to each Cash Collateral Account and the funds from time to time held therein.

(iii) The Bank shall have the right to withdraw funds from time to time held in a Cash Collateral Account as follows: (i) to the extent any Event of Default set forth in Sections 7.01(a) through 7.01(u) has occurred and is then-continuing or upon the occurrence of the Maturity Date, the Bank may, in its sole discretion, withdraw and apply any funds held in a Cash Collateral Account to any of the then-due and payable obligations of Borrower (whether as a result of acceleration or otherwise); or (ii) if requested by Borrower or to the extent necessary to preserve the value of the Property and not otherwise paid by Borrower in a timely manner (and regardless of whether an Event of Default set forth in Sections 7.01(a) through 7.01(u) is then-continuing), the Bank may, in its sole discretion, withdraw funds from a Cash Collateral Account for the purpose of paying any costs and/or expenses related to the Property (such funds to be disbursed to Borrower or paid directly to the applicable party entitled thereto, as determined by the Bank in its sole discretion).

(iv) Upon the occurrence of a Cash Sweep Termination Date, the Bank shall, promptly following the written request of Borrower, return or otherwise release the funds (if any) then-remaining in the applicable Cash Collateral Account to the Borrower. The occurrence of a Cash Sweep Termination Date and the return or release of funds to the Borrower in connection therewith shall not, in any case, preclude the application of the cash sweep provisions set forth herein with respect to any subsequent failure by Borrower to meet the required Debt Service Coverage Ratio.

#### **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 Issuer, the Trustee, and the Servicer will rely on the

Manager's experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

(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 Agreement shall provide for management fees to be subordinate to payments owed by the Borrower under the Loan Documents and otherwise must be acceptable to the Servicer in all respects.

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

(c) 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 material amendment to the Management Agreement or delivery of a replacement management agreement must be approved in writing by the Servicer, which approval shall not be unreasonably withheld.

**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.*** Except in the case of amendments required in connection with permitted transfers described in subsection (e) below, neither the Borrower nor the General Partner shall amend, supplement terminate or otherwise modify materially any provision of its Organizational Documents prior to Conversion, the documents evidencing the Subordinate Loans or the provisions of any documents relating to the contribution of equity by the partners of the Borrower prior to Conversion without obtaining the prior written consent of the Servicer

(c) ***Restrictions on Indebtedness.*** Without obtaining the prior written consent of the Servicer and the Bank, 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 or unsecured loans from partners of the Borrower;

(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; and

(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.

(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 Section 6 of the Mortgage.

(e) ***Transfers.*** The Borrower shall not transfer the Loan, or any interest in the Loan, the Project, or any interest in the Project, in the Borrower or in any partner, except the Investor Limited Partner, in the Borrower, or permit any such transfer, except (i) with the prior written consent of the Bonds and as permitted by Section 6 of the Mortgage, (ii) as permitted or not prohibited, pursuant to the Construction Disbursement Agreement and (iii) as permitted by the Regulatory 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.*** For the benefit of Issuer and the Bondholder, Borrower covenants that it will not (i) take any action, (ii) fail to take any action or (iii) make any use of the Project or the proceeds of the Loan, which would cause the interest on the Bond to be or become includable in the gross income of the owner thereof for federal income tax purposes.

#### **Section 5.18. Arbitrage and Tax Matters.**

(a) The Borrower hereby represents, warrants and agrees that all certifications and representations of fact made by the Borrower in the Borrower's Tax Certificate are true, accurate and complete in all material respects of the date on which executed and delivered.

(b) The Borrower covenants not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bond to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Majority Owner of the that so long as the Bond remains Outstanding, moneys on deposit in any fund or account in connection with the Bond, whether such moneys were derived from the proceeds of the sale of the Bond or from any other sources, will not be used in a manner which will cause the Bond to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. In furtherance of the foregoing, the Borrower covenants to comply with the terms and conditions of Borrower's Tax Certificate and to pay when due any amount required to be paid to the United States in accordance with Borrower's Tax Certificate and this Loan Agreement.

(c) At any time when any amount required to be paid under Section 148(f) of the Code (the "Rebate Regulations") is due, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Within 60 days after the Bond has been paid in full, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other appropriate information reporting form) prepared by the Borrower. No later than 15 days prior to each date on which a payment could become due under the Rebate Regulations ("Rebate Payment Date"), the Borrower shall deliver to the Issuer and the Trustee a certificate of a Rebate Analyst either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid, if the certificate specifies an amount to be paid, (a) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an Authorized Representative of the Issuer, and shall include a certification by the Borrower that the Form 8038-T is accurate and complete, and (b) no later than 10 days after the Rebate Payment Date, the Borrower shall furnish to the Issuer and the Trustee a certificate state that such amount has been timely paid. This Section 5.18(c) shall be construed so as to cause compliance with the

Rebate Regulations. The Borrower covenants that all action taken under this Section 5.18(c) shall be taken in a manner that complies with the Rebate Regulations and that it shall neither take any action nor omit to take any action that would cause the Bond to be an “arbitrage bond” by reason of the failure to comply with the Rebate Regulations. To the extent that any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest, penalty or other amount necessary to prevent the Bond from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Borrower covenants that, to the extent necessary, it shall obtain the advice and assistance of a Rebate Analyst to aid it in complying with the Rebate Regulations.

**Section 5.19. Indemnification; Borrower’s Obligations.** Borrower releases Issuer, Trustee, Servicer and Majority Owner, and their respective officers, directors, agents, shareholders (as applicable), officials, employees, counsel, attorneys and agents, past, present and future (and as to Issuer, members of its governing body) and any person who controls Issuer, Trustee, Servicer or Majority Owner within the meaning of the Securities Act of 1933, from, and covenants and agrees, without limiting the Indemnity provided in Section 3.02 hereof or in the Regulatory Agreement, to indemnify, hold harmless and defend Issuer, Trustee, Servicer and Majority Owner and their respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an “Indemnified Party”) from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney’s fees and expenses), taxes (other than income taxes payable by any party as a result of any fees payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of:

- (a) 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 a Note);
- (b) the approval of the financing for the Project or the making of the Loan;
- (c) the issuance and sale of the Bond or any certifications or representations made by any person other than the party seeking indemnification;
- (d) 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 a Note);

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

(f) 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 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 Trustees administration where such is a result of actions contrary to Trustees duties and obligations;

(g) 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 Borrower's 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;

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

(i) 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 a Note);

(j) 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 during the Borrower's ownership thereof, or arising out of any action or inaction of Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition, rehabilitation or management of the Project during the Borrower's ownership thereof, 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;

(k) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project during the Borrower's ownership thereof; and

(l) any and all claims arising in connection with the operation of the Project during the Borrower's ownership thereof, 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 during the Borrower's ownership thereof, including, but not limited to, the Americans with Disabilities Act, if applicable (as evidenced by an architect's certificate to such effect).

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 default, bad faith, negligence or willful misconduct of such Person; and (ii) in the case of the foregoing indemnification of Issuer, Servicer or Majority Owner, or any of their respective Indemnified Parties, to the extent such damages are caused by the willful misconduct, in the case of the Issuer, or the gross negligence or willful misconduct in the case of the Servicer or Majority Owner.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, Borrower, upon written notice from the 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 the 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 Issuer, Majority Owner 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 (A) 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 Borrower or (B) such separate counsel is employed with the approval of Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

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 5.19 shall in any way limit the Borrower’s indemnification and other payment obligations set forth in the Regulatory Agreement.

**Section 5.20. [Reserved].**

**Section 5.21. Sale of Bond and Securitization.**

(a) At the request of the Servicer, the Borrower shall, subject to the restrictions of Section 3.09 of the Indenture, take such actions and execute and deliver such documents and data as may be reasonably necessary or appropriate in connection with the sale of the Bond or participation therein or any securitization (such sale and/or securitization, the “Securitization”) of single or multiclass securities (the “Securities”) secured by or evidencing ownership interests in the Bond. Without limiting the generality of the foregoing, the Borrower shall:

(i) provide financial and other information with respect to the Project, the Borrower and its Affiliates, the manager and any tenants of the Project and provide business plans and budgets relating to the Project;

(ii) perform or permit or cause to be performed or permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I and, if appropriate, Phase II), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization (the items provided to the Servicer pursuant to this paragraph (a) being called the “Provided Information”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer and the Rating Agencies;

(iii) cause counsel to render opinions as to nonconsolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project, the Borrower and its Affiliates, which counsel and opinions shall be satisfactory to the Servicer and the Rating Agencies;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Loan Documents as are customarily provided in securitization transactions and as may

be reasonably requested by the Servicer or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(v) provide current certificates of existence with respect to the Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Loan Documents and the Organizational Documents of the Borrower as may be requested by the Servicer or the Rating Agencies or otherwise to effect the Securitization.

(b) All reasonable third-party costs and expenses incurred by the Borrower solely in connection with the Borrower's complying with requests made under this Section 5.21 shall promptly be paid or caused to be paid by the Servicer. The Borrower shall not be liable for third-party costs or expenses incurred by the Servicer in connection with the Securitization.

(c) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum (each, a "Disclosure Document") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Servicer in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(d) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Servicer, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and such sections (and any other sections reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(e) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify the Servicer, the Issuer and the underwriter group for any securities (the "Underwriter Group") for any liabilities to which the Servicer, the Issuer or the Underwriter Group may become subject insofar as the liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the

statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Issuer, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Issuer, the Servicer or the Underwriter Group in connection with defending or investigating any such liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

(f) Promptly after receipt by an indemnified party under subsection (d) or (e) above of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party as provided herein, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior written consent of the Borrower.

(g) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in subsection (e) above is for any reason held to be unenforceable by an indemnified party in respect of any liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under subsection (e) hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(h) Except as provided in subsection (e) above, the Borrower's liability under this Section 5.21 shall be limited to liabilities arising out of or based upon any such

material untrue statement or omission made with knowledge thereof and made therein in reliance upon and in conformity with information furnished to the Servicer by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower, operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project.

#### **Section 5.22. Funds and Accounts.**

(a) Upon the first anniversary of the Conversion Date, and upon each anniversary thereafter, the Borrower shall deposit an amount equal to \$300 per unit per year into an account held by Bank (the "Replacement Reserves"). Any and all interest earned by the Replacement Reserves shall be the property of the Borrower, and shall be maintained within the Replacement Reserves account.

(b) Except as otherwise provided in this Section, before the Servicer shall authorize the withdrawal of any amounts from the Replacement Reserves, the Borrower shall submit the following items to the Servicer for its review and approval:

(i) [reserved];

(ii) a requisition from the Borrower stating that no Event of Default exists and requesting the Servicer to approve a disbursement;

(iii) if requested by the Servicer, evidence of compliance with all applicable Legal Requirements;

(iv) if requested by the Servicer in connection with rehabilitation work in excess of \$10,000, evidence of builders' risk insurance along with workers' compensation and public liability insurance in such amounts and in such form as the Servicer may reasonably require;

(v) if requested by the Servicer in connection with rehabilitation work in excess of \$10,000, evidence that the Consulting Engineer shall have inspected and approved of the work performed to date; and

(vi) evidence that the general contractor has delivered and filed effective mechanics lien waivers prior to the commencement of work or, if such waivers were not delivered and filed, a release of liens in connection with all work performed, which releases may be conditioned upon payment to the general contractor provided that the general contractor delivers unconditional releases within 30 days of receipt of such payment.

(c) Provided the conditions set forth in Section 5.22(d) have been satisfied (or waived in writing by the Servicer), the Servicer shall authorize the withdrawal from the Replacement Reserves of the amount requested by the Borrower, or such lesser amount approved by the Consulting Engineer, to the Borrower. It shall be a condition to

all withdrawals from the Replacement Reserves that (i) all work shall be performed in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (ii) the Servicer shall have reviewed and approved each of the foregoing requirements, (iii) the work to be performed is consistent with the recommendations of the Consulting Engineer, and (iv) sufficient amounts are on deposit in the Replacement Reserves to pay the requested amounts.

(d) [reserved].

(e) Upon the Conversion Date, the Borrower shall deposit an amount equal to three months of Debt Service (assuming a rate of interest equal to the strike rate of the interest rate contract purchased by the Borrower for the benefit of the Bank), plus three months of approved Projected Annual Operating Expenses for the Project (the “Minimum Operating Reserve Amount”) into a restricted account to be maintained with the Bank (the “Operating Reserves”). Borrower may use moneys in the Operating Reserves as necessary to the extent that Project Revenues are insufficient to pay Operating Expenses and/or the amount necessary to pay principal and interest on the Bond as required pursuant to Section 3.02. Subsequent to the use of such funds, Borrower shall be required to replenish such Operating Reserves up to the Minimum Operating Reserve Amount with Borrower’s Net Operating Income, as defined in the Partnership Agreement after payment of asset management fees, investor funding repayment and tax credit adjusters due under the Partnership Agreement, but prior to making any additional distributions. Any and all interest earned by the Operating Reserves shall be the property of the Borrower and shall be maintained within the Operating Reserve account.

(f) Upon the Conversion Date, Borrower shall deposit an amount equal to \$300,000 into an account to be maintained with the Bank (the “Rent Subsidy Account”). If Borrower’s Debt Service Coverage Ratio falls below 1.00:1.00 during the Rent Subsidy Account, then Borrower may utilize funds in the Rent Transition Reserve to pay for Operating Expenses, but only to the extent necessary to achieve a 1.00:1.00 Debt Service Coverage Ratio, as determined by the Bank, to pay any tax credit adjusters due under the Partnership Agreement or asset management fee payable to the Investor Limited Partner, or its successor or affiliate, each as set forth in the Partnership Agreement. Upon the termination of the Rent Transition Period, Borrower may request the Bank’s consent to release the Rent Subsidy Account, which the Bank will grant, provided that, (i) the Bank has received evidence satisfactory to the Bank, in the Bank’s sole and absolute discretion, that Borrower’s Special Limited Partner has consented to the same, and (ii) there are no then current Events of Default under any of the Loan Documents.

(g) Upon the Closing Date, Borrower shall establish a disbursement account to be maintained with the Bank.

(h) Upon the Closing Date, Borrower shall establish an operating account to be maintained with the Bank.

(i) Upon the Conversion Date, the Borrower shall deposit an amount equal to six (6) months of Debt Service on the Loan calculated using the maximum interest rate set forth under the Interest Rate Cap Contract (the "Liquidity Reserve Amount") into a restricted account to be maintained with the Bank (the "Liquidity Reserves"). Upon Borrower's request, the Liquidity Reserve Amount may be reduced by 25% for each year that Borrower meets the Debt Service Coverage Ratio of 1.15 to 1.10 following the termination of the Rent Transition Plan, until such time as the Liquidity Reserve Amount is equal to three (3) months of Debt Service on the Loan. Provided, however, that so long as Borrower maintains Pledged Funds (as set forth in Section 6.5 of the Partnership Agreement) in an amount equal to or greater than the Liquidity Reserve Amount, Bank will deem the requirements of this Section 5.22(i) to have been satisfied, provided further, however, that Borrower shall provide Bank with notice of the release of any Pledged Funds accompanied by a then-current accounting of the total funds held as Pledged Funds. In any case where the Liquidity Reserve Amount is not maintained, either as a separate account or as part of the Pledged Funds, such will be deemed an event of default pursuant to this Section 5.22(i).

(j) All interest earnings on funds and accounts established hereunder shall remain in the respective fund or account, as applicable.

**Section 5.23. 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 and to operate the residential units of the Project, and to use the Borrower's commercially reasonable 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;

(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) 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; and (ii) the fully completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Servicer a copy of any certificates, income certificates, reports and information which the Borrower is required to file with the California Tax Credit Allocation Committee or a copy of any Form 8823’s received by the Borrower.

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 Majority Owner of the Bond, for the obligations of the Borrower in connection with the Loan; provided that the parties hereto understand and agree that such pledge of Tax Credits shall be effective only upon foreclosure or deed in lieu of foreclosure of the Mortgage.

The Borrower and Majority Owner of the Bond are relying upon Investor Limited Partner’s payment of the Capital Obligations, pursuant to the terms and conditions of the Partnership Agreement, for payment or repayment of certain of the costs of construction of the Project and for repayment by Borrower of all or a portion of the Loan. However, Investor Limited Partner’s payment of the Capital Obligations on the dates when due or contemplated to be paid (each a “Payment Date”) may be subject to conditions set forth in the Partnership Agreement (“Payment Conditions”). For purposes of this Section, the term “Investor Limited Partner” includes any transferee of all or a part of Investor Limited Partner’s partnership interest.

The Borrower and General Partner understand and acknowledge that if, for any reason, Investor Limited Partner declines to or otherwise fails to pay the Capital Obligations on or before

a Payment Date, such nonpayment is likely to result in an Event of Default under the Construction Disbursement Agreement, and thus will constitute an Event of Default hereunder, and Majority Owner of the Bond may pursue all its rights and remedies hereunder and under the other Loan Documents, subject to any applicable notice and cure rights.

The Investor Limited Partner shall have the notice and cure rights provided in the Mortgage and the right to remove and replace General Partner pursuant to the terms of the Partnership Agreement, subject to the Regulatory Agreement[; provided, however, that (1) the replacement of any General Partner by a person or entity to whom transfer of the interest of the General Partner is permitted under the Partnership Agreement (an “Approved Transferee”) shall be subject to the prior written approval of Issuer, which approval shall be governed by the terms of the Regulatory Agreement, (2) the partnership interests of any such substitute general partner or partners shall be subject to Bank's security interests pursuant to the terms of the Construction Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Agreement, and (3) any such substitute general partner shall execute any and all documents, including security agreements and financing statements, as Majority Owner may reasonably request in order to create, perfect, or continue such security interests.

#### **Section 5.24. Leasing.**

(a) The Servicer, Majority Owner (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 and Majority Owner'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 and Majority Owner'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 or Majority Owner's written request therefor, the Servicer or Majority Owner, as applicable, 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 Majority Owner, the Issuer, 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; and

(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 Majority Owner.

(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 Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Servicer may make written demand on the Borrower to submit all future leases for the Servicer's approval prior to execution. The Borrower must comply with any such demand by the Servicer.

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

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

#### **Section 5.25. 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 Issuer, the Trustee, and the Servicer of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer’s, Trustee’s and Servicer’s taking any and all steps the Issuer, the Trustee, and the Servicer deem necessary, in the sole discretion of each of the Issuer, the Trustee, and the Servicer, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the “freezing” and/or “blocking” of assets).

(d) Upon Issuer, Trustee’s or Servicer’s request from time to time during the term of the Loan, Borrower agrees deliver a certification confirming that the representations and warranties set forth in this Section 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 Issuer, the Trustee, or the Servicer, and to cause each Related Person to cooperate with the Issuer, the Trustee, or the 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 Issuer, the Trustee, or the 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 Issuer, the Trustee, or the 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.

**Section 5.26. Location.** The Project will be located wholly within the City of Los Angeles, California.

**Section 5.27. Changes to the Project.** Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Law or the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bond. Borrower shall utilize the Project as required by the Regulatory Agreement.

**Section 5.28. Nondiscrimination and Affirmative Action.** The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person’s race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender

identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower shall also comply with all rules, regulations, and policies of the Issuer's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this 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 5.29. Limitation on Issuer's Liability.** No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, attorney or agent of Issuer in his or her individual capacity, and neither any employee, attorney or officer of the Issuer nor any officer thereof executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, attorney or agent of Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Loan Agreement or the Act, provided such director, officer, employee, attorney or agent acts in good faith. No agreements or provisions contained in this Agreement nor any agreement, covenant or undertaking by Issuer contained in any document executed by Issuer in connection with the Project or the issuance, sale and delivery of the Bond shall give rise to any pecuniary liability of Issuer or a charge against its general credit or taxing powers, or shall obligate Issuer financially in any way.

**Section 5.30. Americans with Disabilities Act.** Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). Borrower 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. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Borrower, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

**Section 5.31. Business Tax Registration Certificate.** Subject to any exemption available to it, Borrower represents that it has obtained or will obtain the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, Borrower shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

## **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 but not in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bond, Additional Interest, if applicable, as set forth in Section 4.03 of the Indenture together with interest as set forth in Section 4.03 of the Indenture. The Note is not otherwise subject to optional prepayment by the Borrower.

(b) To effect prepayment of the Note and redemption of the Bond as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee and the Servicer, not less than 90 days prior to the date on which 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 such 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, (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:

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

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

(iii) 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 IX of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement, the Regulatory Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the 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

(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 in any material respect;

(d) except for an Event of Default referred to in subsections (a), (b), (e), (f), (h), (i), (j), (k), (l), (m), (p), (q), (s) or (w) of this Section 7.01, any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, for a period of 15 days after the occurrence of such failure; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 15 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 15 day period and is diligently pursued to completion thereafter provided, however, that such breach or failure must be corrected within a maximum 60-day period (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 any of the Loan Documents, the General Partner Documents or the Guarantor Documents other than the Regulatory Agreement) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document;

(f) upon 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) upon any change in the legal or beneficial ownership of the Borrower or the General Partner other than as expressly permitted by the terms hereof or by reason of the death of the owner of such interests;

(i) the General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e) within a period of thirty (30) days following such cessation;

(j) any failure by the Borrower to pay at maturity, or within any applicable period of grace, any amount payable under the Note, 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 the Note, 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;

(k) 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;

(l) 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;

(m) 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;

(n) [reserved];

(o) 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;

(p) 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;

(q) 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;

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

(s) any cessation at any time in rehabilitation 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 rehabilitation 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;

(t) any of the Indenture, this Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner (except for any "automatic" amendments required by the Regulatory Agreement to preserve the exclusion of interest on the Bond from gross income for federal income tax purposes) without the prior written consent of the Servicer;

(u) 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 to the extent required by the Partnership Agreement

(v) [reserved];

(w) prior to the Conversion Date, the unpaid principal amount of the Loan exceeds 95% of the outstanding Letter of Credit amount;

(x) following the Conversion Date, the Loan-to-Value Ratio exceeds 80%; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein, the sole remedy to an Event of Default set forth in this Section 7.01(x) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f);

(y) following the Conversion Date, and prior to the termination of the Rent Transition Plan, the Debt Service Coverage Ratio (using the Rent Transition Plan DSCR Calculation) falls below a 1.15 to 1.0 ratio; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein the sole remedy to an Event of Default set forth in this Section 7.01(y) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f);



(z) following the termination of the Rent Transition Plan, the Debt Service Coverage Ratio falls below a 1.15 to 1.0 ratio; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein, the sole remedy to an Event of Default set forth in this Section 7.01(z) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(e); or

(aa) failure of the Borrower to implement the Rent Transition Plan, as approved by the Trustee and the Servicer.

Notwithstanding the above, any of the above defaults resulting from the status of an Obligor (other than the Borrower) shall be cured upon succession of a substitute Obligor acceptable to the Servicer and Majority Owner within 60 days of the Borrower's receipt of such approvals.

## **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: (A) 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 (B) the Trustee, direct the mandatory redemption of the Bond in whole;

(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, rehabilitated and equipped in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee, or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the

provisions of the Indenture. No action taken pursuant to this Section 7.02 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 Issuer, the Trustee, and the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, and 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 and Notice to Investor Limited Partner.** The Issuer, 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. The Issuer, Trustee and Servicer shall deliver to the Investor Limited Partner any notice of an Event of Default hereunder at the same time as such notice is delivered to the Borrower.

**Section 7.08. Issuer Exercise of Remedies.** Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the

Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bond or the Loan to be due and neither the Issuer nor the Trustee shall take any action in respect of Reserved Rights (i) 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, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.01. General Provisions.** The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

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

(b) The Bond is not an obligation, either general or special and does not constitute a pledge of the general credit or taxing power of the Issuer, the State or any other political subdivision thereof, but is payable solely from the revenues and property pledged therefor in the Indenture, and neither the Issuer, the State nor any other political subdivision thereof shall be liable thereon, and recourse on the Bond and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of or interest on the Bond, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any member, officer, employee or other elected or appointed official, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer 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 Issuer or any such incorporation, member, officer, director, employee, any other elected or appointed official or trustee as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bond and the delivery of other documents in connection herewith. No member, officer, employee or other elected or appointed official past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bond or any other

documents in connection herewith, nor shall the issuance of the Bond be considered as misfeasance or malfeasance in office.

**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 the Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee, and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Borrower Representative.

**Section 8.03. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights 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 Majority 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 Majority 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 Majority 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 Issuer, the Trustee or the Borrower except in compliance with Article IX 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 internal laws of the State, without reference to conflicts of laws principles.

**Section 8.09. Debtor-Creditor Relationship.** It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the 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 permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay interest on the Bond, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and noncompounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve 30-day months. Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

**Section 8.11. Term of This Loan Agreement.** This Loan Agreement shall be in full force and effect from its date to and including such date as the Bond issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer 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. Nonrecourse.** Anything contained in any provision of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate or the Note notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Note, this Loan Agreement, the Mortgage or the Regulatory Agreement after the Conversion Date, neither the Issuer, nor the Trustee or other holder of the

Note (collectively, the “Noteholder”), nor any Majority Owner of the Bond, nor any beneficiary of the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Note shall, following the Conversion Date, be limited to the assets of the Borrower that are the security from time to time provided with respect to the Note and this Loan Agreement; provided, however, nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate, the Note, or any other instrument now or hereafter securing the Note or this Loan Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and assigns, under this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Agreement or the Note or any other instruments. Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Bondholder or any beneficiary of or the trustee under the Mortgage as a result of the Borrower’s: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Bond Documents, whether before or after an Event of Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the partners of the Borrower or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the General Partner Documents, the Guarantor Documents or any other guaranty given in favor of the Issuer, the Trustee, or the Servicer.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

ISSUER:

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES  
Michael N. Feuer, City Attorney

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

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, a  
national banking association, as Trustee

By \_\_\_\_\_

Name: Julia Hommel

Title: Vice President



IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

BORROWER:

FIGUEROA SENIOR HOUSING  
PRESERVATION, L.P., a California limited  
partnership

By Figueroa Economical Housing  
Development Corporation, a California  
nonprofit public benefit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Charles Cline  
Title: President



## SCHEDULE 1

### INTEREST RATE CAP CONTRACTS

1. **Interest Rate Cap Documentation.** Within the timeframes required by the Bank and Interest Rate Cap Counterparty, Borrower shall deliver to Interest Rate Cap Counterparty the following documents and other items, executed and acknowledged as appropriate, all in form and substance satisfactory to Bank and Interest Rate Cap Counterparty: (a) Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between Borrower (or its Affiliate) and Interest Rate Cap Counterparty; (b) a confirmation under the foregoing, if applicable; (c) the Guaranty; (d) if Borrower (or its Affiliate) is anything other than a natural person, evidence of due authorization to enter into transactions under the foregoing Interest Rate Cap Contract with Interest Rate Cap Counterparty, together with evidence of due authorization and execution of any Interest Rate Cap Contract; and such other title endorsements, documents, instruments and agreements as Bank and Interest Rate Cap Counterparty may require to evidence satisfaction of the conditions set forth in this Section including an Interest Rate Cap endorsement to Boston Private Bank & Trust Company's title insurance policy in form and substance satisfactory to Boston Private Bank & Trust Company.

2. **Conveyance and Security Interest.** To secure Borrower's obligations, Borrower hereby transfers, assigns and transfers to Bank, and grants to Bank a security interest in, all of Borrower's right, title and interest, but not its obligations, duties or liabilities for any breach, in, under and to the Interest Rate Cap Contract, any and all amounts received by Borrower in connection therewith or to which Borrower is entitled thereunder, and all proceeds of the foregoing. All amounts payable to Borrower under the Interest Rate Cap Contract shall be paid to Bank and shall be applied to pay interest or other amounts under the Loan.

3. **Cross-Default.** It shall be an Event of Default under this Agreement if any Event of Default occurs as defined under any Interest Rate Cap Contract as to which Borrower (or its Affiliate) is the Defaulting Party, or if any Termination Event occurs under any Interest Rate Cap Contract as to which Borrower (or its Affiliate) is an Affected Party. As used in this Section, the terms "Defaulting Party," "Termination Event" and "Affected Party" have the meanings ascribed to them in the Interest Rate Cap Contract.

4. **Remedies; Cure Rights.** In addition to any and all other remedies to which Bank and Interest Rate Cap Counterparty are entitled at law or in equity, Interest Rate Cap Counterparty shall have the right, to the extent so provided in any Interest Rate Cap Contract or any Master

Agreement relating thereto, (a) to declare an event of default, termination event or other similar event thereunder and to designate an Early Termination Date as defined under the Master Agreement, and (b) to determine net termination amounts in accordance with the Interest Rate Cap Contract and to setoff amounts between Interest Rate Cap Contracts. Bank shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower (or its Affiliate) such action as Bank may at any time determine to be necessary or advisable to cure any default under any Interest Rate Cap Contract or to protect the rights of Borrower (or its Affiliate) or Interest Rate Cap Counterparty thereunder; provided, however, that before the occurrence of an Event of Default under this Agreement, Bank shall give prior written notice to Borrower before taking any such action. For this purpose, Borrower hereby constitutes Bank its true and lawful attorney-in-fact with full power of substitution, which power of attorney is coupled with an interest and irrevocable, to exercise, at the election of Bank, any and all rights and remedies of Borrower (or its Affiliate) under the Interest Rate Cap Contract, including making any payments thereunder and consummating any transactions contemplated thereby, and to take any action that Bank may deem proper in order to collect, assert or enforce any claim, right or title, in and to the Interest Rate Cap Contract hereby assigned and conveyed, and generally to take any and all such action in relation thereto as Bank shall deem advisable. Bank shall not incur any liability if any action so taken by Bank or on its behalf shall prove to be inadequate or invalid. Borrower expressly understands and agrees that Bank is not hereby assuming any duties or obligations of Borrower (or its Affiliate) to make payments to Interest Rate Cap Counterparty under any Interest Rate Cap Contract or under any other Loan Document. Such payment duties and obligations remain the responsibility of Borrower (or its Affiliate) notwithstanding any language in this Agreement.

**EXHIBIT A**  
**LEGAL DESCRIPTION OF REAL ESTATE**

[TO BE ATTACHED]

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

\$[4,400,000]

[\_\_\_\_\_] 1, 2015

FOR VALUE RECEIVED, **FIGUEROA SENIOR HOUSING PRESERVATION, L.P.**, a California limited partnership (together with its permitted successors and assigns, “Borrower”), having an address of [\_\_\_\_\_] , promises to pay to the order of **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California or its successors or assigns (the “Holder”), at its office at Los Angeles Housing and Community Investment Department, 1200 West 7<sup>th</sup> Street, 8<sup>th</sup> Floor, Los Angeles, California 90017 or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the principal sum of \$[4,400,000] as provided herein, together with interest thereon at the rate, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the “Indenture”) dated as of even date herewith between City of Los Angeles (the “Issuer”), and 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. Principal shall be payable on this Note at the times and in the amounts as needed to pay the principal of the Loan and the Bond as due under the Loan Agreement and Indenture.

Borrower shall pay to the Trustee for deposit into the Revenue Fund, on the first day of each month for the period commencing upon the Closing Date (i) an amount equal to the sum of the 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). 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 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. The obligations of the Borrower under this Note shall be nonrecourse as provided in Section 8.12 of 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. 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 such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

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

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

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

Borrower shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements 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.

[Signature page follows]



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

BORROWER:

FIGUEROA SENIOR HOUSING  
PRESERVATION, L.P., a California limited  
partnership

By Figueroa Economical Housing  
Development Corporation, a California  
nonprofit public benefit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Charles Cline  
Title: President

**EXHIBIT C**

**PROJECT APPROVALS TO BE OBTAINED**

[TO BE INSERTED]

## EXHIBIT D

### FORM OF APPROVED RESIDENTIAL LEASE

This residential lease is made this \_\_\_ day of \_\_\_, 2015 between Figueroa Senior Housing Preservation, L.P (hereinafter referred to as "we" or "us" and \_\_\_ as Resident (hereinafter referred to as you). We lease to you and your rent from us the premise, described as follows:

A \_\_\_ bedroom dwelling unit, unit number \_\_\_ or residence address  
of Figueroa Senior Apartments  
located at .  
(number) (street) (city or county) (state)

together with fixtures, accessories, and the following appliances and furniture: stove and refrigerator, garbage disposal, blinds.

This lease is subject to the following terms, conditions, covenants and agreements:

1. Regulations: This lease and your occupancy of the premises are governed by the State of California Tax Credit Allocation Committee Regulatory Agreement. If any terms of this lease are inconsistent or in conflict with the Regulations, the Regulations shall control. A copy of the Regulation is available for inspection by you during normal business hours at our office.

2. Terms: This lease will begin on \_\_\_ and will end on \_\_\_, or until terminated by either you or us as provided in this lease.

3. Rent:

A. The initial rent for the premises is \$\_\_\_ per month to be paid by or on behalf of you to us at the following address: . Rent shall be paid in advance on or before the first day of each month and is late on the sixth day. If rent is not paid by the fifth day, you will be charged a late rent charge of \$10.00. If you are late more than

three times, the late rent charge may be increased to \$25.00. The rent amount shown above includes deduction for the utility allowance for the premises as established by the program.

B. We will adjust the initial rent described above as allowed by Regulations annually, except that the first year adjustment may occur within less than 12 months to coincide with the project fiscal year. The regulations allow for an annual rent increase. We will provide you with 30 days' written notice prior to the effective date of any rent adjustment.

#### 4. Income Certification and Re-certification.

Your eligibility to occupy this unit is based on information that you have provided to us regarding your household income and assets. Each year, you agree to provide updated information on a form we provide you. You agree that all such information regarding household income and assets provided to us is true, complete, and correct to the best of your knowledge. You further agree that failure to provide such information or providing false or misleading information, may result in the termination of your occupancy and eviction from the premises. You agree that all information supplied by you shall be subject to inspection by representatives for the Program.

In the event the re-certification demonstrates that such household's income exceeds the upper limit of the income band in which such household would qualify as Qualifying Tenants, such household will no longer qualify as a Qualifying Tenant for that band and we will rent the next available unit to one or more Qualifying Tenant in the income band required to achieve compliance with the Regulatory Agreement. No tenant in the Development shall be denied continued occupancy in the Development because, after occupancy, such tenant's adjusted Income increases such that the Adjusted Income for such household will no longer qualify such household as Qualifying Tenant; provided, however, if a Qualifying Tenant's Adjusted Income exceeds 140% of the Median Income, such Qualifying Tenant will be required to move.

5. Security Deposit. You will pay to us in advance of occupying the unit, a security deposit in the amount of \_\$ \_\_, which shall not exceed the rent for two months. We may apply the deposit after you vacate the premises to repair any loss or damage caused by you or your guests to the premises or the development other than normal wear and tear. We also may apply the deposit payment of rent due and owing from you. Within fourteen days after you vacate the premises, we will repay the security deposit, less any amounts deducted, to you within fourteen days after you vacate the premises, we will repay the security deposit, less any amounts deducted, to you at your forwarding address or such other address as you may designate. At the

same time, we will provide you with a written itemized statement describing the reason for and the cost of any deductions from the deposit.

6. Utilities. You will pay for telephone service and the following utilities, including all fees, deposits, and charges therefore.

Gas, Electric,

Telephone and Cable

We will pay all other utility bills.

7. Use.

A. You shall use the premise as, and only as, your primary place of residence. You shall not cause or permit any illegal activity or use on the premises. The premises shall be occupied only by members of your household consisting of 2 adults (anyone over 18 years of age) and      children (anyone under 18 years of age) with the following names. You must inform us in writing and receive written approval from us prior to allowing another person to reside in the unit. You agree and understand that at no time shall the unit be occupied by more than two (2) people per bedroom and that only children of the same sex shall occupy the same bedroom. Upon determination that your family size exceeds the guidelines, you will no longer qualify for tenancy. However, you will be given priority if a larger, income-qualifying unit becomes available in the building. If no unit is available to accommodate your family size, you will be given written notice and your tenancy shall terminate six months from the date of the over family size notification. If a unit becomes available during the six month period, you will be transferred to a unit to accommodate your family size and your tenancy will not be terminated.

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B. The program Regulations set forth minimum and maximum household sizes. If as a results a change in the number of persons in your household, your household size decreases to below the minimum or increases to above the maximum allowed under the program Regulations for your unit size, we may, with at least 60 days prior written notice, require that you move to an available unit of the appropriate size. You must then execute a new lease prior to occupancy of the new unit. You agree and understand that at no time shall the unit be occupied by more than two (2) people per bedroom and that only children of the same sex shall occupy the same bedroom. Upon determination that your family size exceeds the guidelines, you will no longer qualify for tenancy. However, you will be given priority if a larger, income-qualifying unit

becomes available in the building. If no unit is available to accommodate your family size, you will be given written notice and your tenancy shall terminate six months from the date of the over family size notification. If a unit becomes available during the six months period, you will be transferred to a unit to accommodate your family size and your tenancy will not be terminated.

8. Maintenance. You shall keep the premises and all fixtures, accessories, and appliances in a clean, sanitary, and safe condition. If you or your guests cause or permit damage to the premises, you shall be liable for the cost to repair the damage. Where damage or disrepair is not the responsibility of you or your guests, we will repair and maintain the premises, fixtures, accessories, and appliances in accordance with applicable state and local laws concerning the condition of premises and common areas.

9. Remodeling and Alterations. You shall not undertake any remodeling, redecoration, or alteration, including painting and wallpapering, to the premises without receiving our written permission.

10. Rules. You shall comply with written rules we issue regarding use of the premises and common areas. We will provide a copy of the rules to you. Any amendment to the rules shall be in writing and effective 30 days after the notice thereof to you. You shall not cause or permit on the premises or in common areas, excessive noise or any other activity which disturbs the peace and quiet of other residents or neighbors. You shall not cause or permit any activity constituting a nuisance on or about the premises or which adversely affects the health or safety of any person, nor shall you interfere with the management of the premises. By initialing as provided, you acknowledge receipt of a copy of such rules, a copy of which is attached to, and made a part of this lease.

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(Initials)

11. Sublease or Assignment. You shall not sublease or assign this lease or any portion thereof. If you attempt to sublease or assign this lease, this lease shall be null and void and no right to occupy the premises shall arise from any attempted sublease or assignment.

12. Entry and Inspection. We or our agent may enter and inspect the premises after giving reasonable notice to you for:

- A. making necessary or agreed-upon repairs;
- B. inspecting for compliance with the terms of this lease;
- C. showing the premises to prospective lenders, purchasers, residents, contractors, repair workers, or representatives from the Program;
- D. performing contracted pest control services;

- E. conducting annual and any other inspections.

Twenty-four hours or more shall be considered reasonable notice for the purpose of entry and inspection. In addition, we or our agent may enter the premises without notice if necessary in an emergency such as fire or flooding.

13. Joint Responsibility. You must be 18 years of age or older or a minor not under the care of a parent or guardian to sign this lease. You acknowledge that this lease is between us and each person executing this lease jointly and individually. In the event of default by any one, each and every remaining person who executed the lease shall be responsible for payment of the total rent stated in Section 3. or amended by Section 4. and all other provisions of the lease.

14. Hold Harmless and Waiver. We do not provide insurance for your personal property. You agree to indemnify and hold us harmless and in no way accountable for any liability for personal injury or property damage caused or permitted by you or any other person on the premises with your consent except as may be caused by our negligence.

- 15. Possession.

If we are unable to deliver possession of the premises at the time this lease begins, we shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but you shall not be liable for rent until possession is delivered. You may terminate this lease by written notice to us if possession is not delivered within three days of the beginning of the term of this lease.

- 16. Your Obligations. You agree to:

- A. Comply with all obligations imposed upon you by applicable provisions of state and local building codes materially affecting health and safety.

- B. Keep the premises and such other areas as may be assigned for your exclusive use in a decent, clean, sanitary, and safe condition, and the inside of premises maintained according to acceptable housekeeping standards.

- C. Dispose of all garbage, rubbish, and other waste from the premises in a sanitary and safe manner.

- D. Use only in a reasonable manner, and in a manner designed to conserve gas and electricity, all electrical, plumbing, sanitary, heating ventilating, air conditioning, and other facilities and appliances.

- E. Promptly notify us of the need for repairs to the premises and known unsafe conditions in the common areas and grounds of the project which may lead to damage or injury.

- F. Refrain from, and cause your household and guests to refrain from destroying, defacing or removing any part of the premises or project, including placing contract paper, decals, or paint on the premises.

G. Pay for the repairs or damages to the premises project building, facilities, or common areas that you or your household or guests intentionally or negligently cause, normal wear and tear expected.

H. Conduct and cause other persons who are on the premises with your consent to conduct themselves in a manner which will not disturb neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the project in a decent, safe, and sanitary condition.

I. Refrain from illegal or other activity, which impairs the physical or social environment of the premises.

J. Park, and cause guests to park, only in assigned parking areas, and not park in common driveways or lawn areas, and not block access to other residents' or emergency vehicles and exits.

K. Comply with the written rules described in Section 10 above.

L. You are required to attend all legal meetings with Management regarding probable breach of the Lease and/or House Rules. Twenty-four (24) hours written notice shall be considered reasonable notice for purposes of discussing any just cause for termination of your Lease either by you or us as provided in this Lease.

17. Our Obligations. We agree to:

A. Comply with the requirements of applicable state and local building and housing codes and regulations materially health and safety.

B. Within a reasonable time, make or require necessary repairs to the premises to keep them in a habitable condition.

C. Keep project building, facilities, and common areas, not otherwise assigned to you for maintenance and upkeep, in a clean safe condition.

D. Maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, ventilating, and other facilities and appliances supplied or required to be supplied by us.

18. Termination and Eviction.

A. You may terminate tenancy in the premises by giving 30 days' written notice to us. If you do not give the full 30 days' notice, you shall be liable for rent up the end of the 30 day for which notice was required or to the date the unit is re-rented, whichever comes first. You agree to vacate the premises no later than the expiration date of such notice, remove all your personal property, and leave the premises clean and in good repair.

B. We may terminate this lease and if necessary evict you if:



(1) You fail to move out of the premises on or before the effective date of termination given in the notice required in subsection B. above.

(2) You materially breach the terms of this lease. A material breach means:

a. nonpayment of rent or any other financial obligation under the lease after expiration of a 10-day pay or quit notice. In the event of a returned check or any other instance where rent or other financial obligations under the lease are not properly tendered prior to the 15th day of the month, a 3-day pay or quit notice will be issued and eviction procedures will proceed at the expiration of that notice, or

b. four or more late rent payments within any 12 month period received after the fifth day of the month, or

c. failure to reimburse us within 30 days or other reasonable time agreed upon by you and us for repair required to maintain the premises (Section 8. of this lease), or

d. a breach resulting in damages to the premises or any other portion of the project, or

e. a breach which adversely affects the health, safety, or quiet enjoyment of any resident or visitor to the premises, or

f. a breach which interferes with our responsibilities.

(3) You fail or refuse to provide the income information upon "income certification" required by Section 4. of the lease or intentionally provide false or incomplete information.

(4) You fail to fulfill the obligations of this lease.

C. Any notice of termination or eviction shall contain a statement of the facts constituting the cause for the termination or eviction and a statement of your right under the grievance and appeal procedure described below.

D. If suit is brought by either party hereto to enforce any of the terms of this Lease, the successful party shall be entitled to recover all of its costs including, but not limited to, attorneys' fees actually paid, or to be paid, by the successful party.

19. Grievance and Appeal Procedure. We have adopted a procedure in accordance with Program Regulations for the resolution of disputes arising out of this lease or your occupancy of the premises. The procedure establishes your right to a hearing on grievances related to your occupancy and appeal of any of our decisions regarding your occupancy, including notices of termination and eviction. By initialing as provided, you acknowledge receipt of such procedure upon occupancy.

(Initial)

20. Waiver. Our failure to insist upon the strict performance of the terms, covenants, agreements, and conditions contained herein, or any of them, shall not constitute or be construed as a waiver or relinquishment of our right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

21. Additional Lease Provisions. Additional provisions are incorporated and attached to this lease as Exhibit(s) A1 \_\_\_\_\_.

22. Acknowledgment. As consideration for your continued fulfillment of the terms and conditions of this lease, we agree that you may, during the effective period of this lease, have and enjoy the use of the premises described above.

Management:

Co-Resident

NAME

By

Date:

NAME

Owner's Representative

Co-Resident

TITLE

NAME

[TO BE ATTACHED]

## **EXHIBIT E**

### **SCHEDULE OF INSURANCE REQUIREMENTS**

#### **1. General Requirements**

In order to close, the following insurance specifications must be met and approved in writing by the Bank. 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 preclosing 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. All documents and other materials relating to insurance for this Loan should be mailed, delivered or directed to:

Boston Private Bank & Trust Company  
Post Office Box 4020  
Napa, CA 94558  
Attn: Insurance Department

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 preclosing. 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 nonpayment 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. 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, noncontributory, mortgagee clause:

Boston Private Bank & Trust Company, individually  
Suite 100  
16000 Ventura Boulevard  
Encino, CA 94136  
Attention: Sylvia Bettencourt

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:

- ***Hazard/Fire Insurance.*** Hazard / Fire insurance must contain a Guaranteed Replacement Cost Clause, with total insurance in an amount at least equal to the greater of (a) the amount of the first mortgage or (b) 100% of the replacement cost of the Improvements upon the Land, as determined by the insurance provider. Boston Private Bank & Trust Company must be included in the policy as a notice recipient in the event of any cancellation of the policy.
- ***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.

- ***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 nonrecurring expenses) for a 12-month period.
- ***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; and (b) the insurance provided for in Paragraph 1 hereof written in a so-called builder’s risk completed value form (1) on a nonreporting basis, (2) against all risks insured against pursuant to said Paragraph 1 hereof, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions.
- ***[Reserved]***
- ***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) in an amount not less than \$2,000,000 per occurrence, and \$5,000,000 in the annual aggregate. 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.

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

- ***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 BR's	# of BA's	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 BR's	# of BA's	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

## **EXHIBIT G**

### **FORM OF RENT TRANSITION PLAN**

#### **Tenant Relocation Preparation and Guidance**

In preparation for the extensive rehabilitation that will require temporary relocation within the building, the relocation consultant and property manager will conduct group meetings to notify the tenants of the plans for each of the properties, the plan to increase rents over the next three to four years after the rehabilitation is complete and plans for assisting tenants in accessing human and social service opportunities as this process unfolds. Tenants will be advised that rent transition financial resources will be made available to qualifying tenants and that all tenants will receive assistance with resource contacts on the state and city level in individual meetings with the property manager, relocation consultant and potentially others. In addition to these group meetings, tenants will also have an extensive one-on-one consultation with the property manager and relocation consultant to review their rent increases over the next three to four years and given contact information and assistance with city and state resources, such as housing assistance providers, job training advisers and providers and other assistance that might be helpful in the transition to the higher rent levels. In addition to these meetings all tenants will receive written notices, as required by the Uniform Relocation Act, of the overall renovation plans and notice of the plans for their relocation.

Although specific dates are to be determined, meetings will be prior to the beginning of construction. At those meetings tenants will receive a comprehensive overview of construction period, relocation timeframe, renovation plans, rent increases and potential city and state resources, such as housing assistance providers, job training advisers and providers and other assistance that might be helpful in the transition to the higher rent levels. It is anticipated that one group meeting will be required to provide an overview of the overall rent increases, while individual tenant/household meetings will be scheduled following the group meetings to go over each individual case.

At the group meetings, tenants will be provided written information on the overall work schedule as well as the scope of work. Information will be distributed outlining the work schedule which is established around the renovation of five units per week. Moves will be scheduled for weekends only, preventing tenants from any loss of time from their work-week. During Sunday move-outs or Saturday Move-ins, sponsor representatives will be available on site for purposes of seamless coordination and communication with tenants. Prior to tenant relocation, five vacant units to be renovated as models and will subsequently be used to house tenants while their units are being renovated. These units will also reflect the extent of the scope of work which includes; replacement of flooring with new flooring and carpet throughout, new window treatments, resurfaced balconies, new granite counter tops, new wood cabinetry, replacement of appliances and casework, replace of toilets and sinks, new GFI receptacles, new energy saving light fixtures, the painting of interior and exterior surfaces, new a/c and replacement of diffuser grills, new CO monitors, new bathroom exhaust fan, complete elevator refurbishment and new flooring throughout the common areas (the more extensive rehabilitation will occur in Roberta Stephens, Central Avenue and One Wilkins Place).

Tenants will be provided a daily schedule, showing rehabilitation work to be completed during regular daytime work hours (8am to 5pm) Monday thru Friday, with certification that holidays will be honored and no tenants will be out of their original unit during any major holiday. Prior to turnover, each model unit will be cleaned and sanitized after each tenant moves back into their unit. Upon the completion of a unit's renovation, the sponsor representative, relocation consultant, property manager and contractor will inspect all units for life and safety purposes prior to occupancy by tenants.

At the initial group meeting, the relocation consultant and property manager will outline the anticipated rent increases and their effective dates, highlighting the need to schedule individual meetings in order to fully detail rent increases. The property manager will also provide examples of the 90-day, 60-day and 30-day Rent Increase Notices to be distributed on the appropriate dates. These notices will provide clarification and reminders of the effective date and the amount of the rent increase. The relocation consultant and property manager will outline how rents have remained very low for many years and that it is impossible to maintain the property under the current terms. Rents must increase in order to continue to provide decent, safe, and habitable housing. A list of comparable market rate units will also be distributed, providing tenants a detailed comparison of rents. The property manager and relocation consultant will introduce the human services contacts that are available to tenants and that will be described in more detail in individual meetings with tenants.

Following the group meeting, tenants will schedule individual/household meetings with the relocation consultant and property manager. A sign-up sheet will be provided immediately and kept onsite for scheduling purposes. If a tenant does not sign up, or is incapable of making any times listed, the relocation consultant and property manager will address and schedule accordingly. At tenant meetings, personal questions will be answered and schedules will be introduced and gone over in detail. They will be given information on the unit they are moving into during renovations, as well as Saturday move out time and Sunday move-in time. The relocation consultant will convey that tenants are required to follow the relocation schedule (as distributed in the meeting) by packing their belongings as instructed and on time, with boxes and packing materials provided by the relocation consultant, at no cost to the tenant. The complete scope of work will also be presented, with examples of new appliances, cabinetry, flooring and fixtures. Perhaps most important, the incremental rent increases and the Rent Subsidy Fund will be thoroughly explained. Tenants will be supplied a spreadsheet, outlining their current rent, the amount subsidized by the Fund, and schedule of rent increases. The Notices of Rent Increases will be reintroduced, filled out and explained. These notices will not be distributed until appropriate dates related to the implementation of this plan. Tenants will be shown that no economic displacement will occur, because rent increases will be limited to five percent (5%) or less for all those tenants whose rents currently or eventually will exceed thirty percent (30%) of their household income. For those tenants most affected by the rent increases, City and state resources will be engaged to find other sources of funds to help pay the higher rents.

Each individual meeting will be scheduled in order to give ample time for questions and clarification on any issues. Contact information of all members of the meeting will be distributed, and if necessary further meetings will be scheduled to clear up any outstanding trepidations.



**LOAN AGREEMENT**

between

**CITY OF LOS ANGELES,**  
as Issuer

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

and

**NORMANDIE SENIOR HOUSING PRESERVATION, L.P.,**  
as Borrower

relating to

\$4,812,500  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Normandie Seniors Apartments),  
Series 2014G

Dated as of February 1, 2014

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The interest of the City of Los Angeles (the “Issuer”) in this Loan Agreement has been assigned (except for certain “Reserved Rights” as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to 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** (together with all supplements, modifications and amendments thereto, this “**Loan Agreement**”) is dated as of February 1, 2015, among **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California (together with its successors and assigns, the “**Issuer**”), **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 **NORMANDIE SENIOR HOUSING PRESERVATION, L.P.**, a California limited partnership (together with its successors and assigns, the “**Borrower**”).

### WITNESSETH:

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

WHEREAS, Issuer is authorized by pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “**Law**”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “**Act**”), to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto; and

WHEREAS, on October 15, 2013, the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, rehabilitation and equipping of Normandie Seniors Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 6301 South Normandie Avenue, Los Angeles, California, on the site more particularly described in Exhibit A hereto (the “**Project**”) and the City Council of the Issuer subsequently adopted resolutions dated July 1, 2014 and January [ ], 2015 (together, the “**Resolution**”) authorizing the issuance of bonds for such purpose; and

WHEREAS, the Issuer has determined to issue its City of Los Angeles Multifamily Housing Revenue Bond (Normandie Seniors Apartments), Series 2014G in the maximum principal amount of \$4,812,500, (referred to in this Loan Agreement as the “**Bond**”), pursuant to the Trust Indenture (the “**Indenture**”) dated as of even date herewith, executed by the Issuer and the Trustee, for the purpose of providing funding necessary for the acquisition, rehabilitation and equipping by the Borrower of the Project; and

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

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated as of even date herewith in an original principal amount equal to the maximum original principal amount of the Bond in substantially the form set forth on Exhibit B hereto, as it may be amended and restated 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 (i) 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”), and (ii) 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”) each dated as of even date with this Loan Agreement, for the benefit of the Issuer as secured party;

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

## ARTICLE I

### DEFINITIONS

**Section 1.01. 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 Forman, Richter & Rubin, 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.

“*Actual Operating Revenue*” means, with respect to any period of time, all income, computed on an annualized basis in accordance with generally accepted accounting principles, collected from the ownership and operation of the Property from whatever source (other than any source affiliated with Borrower or any Guarantor), including Rents, utility charges, escalations, service fees or charges, license fees, parking fees, and other required pass-throughs, but excluding sales, use and occupancy or other taxes on receipts required to be accounted for by Borrower to any Governmental Authority, refunds from tenants, uncollectible accounts, sales of furniture, fixtures and equipment, interest income, condemnation awards, insurance proceeds (other than business interruption or other loss of income insurance), unforfeited security deposits, utility and other similar deposits, income from tenants not paying rent, income from tenants in bankruptcy, and non-recurring or extraordinary income, including lease termination payments. Actual Operating Revenue shall be net of rent concessions and credits. Actual Operating

Revenue shall be subject to appropriate seasonal and other adjustments in Bank's reasonable discretion.

*"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 Birba Group.

*"Architect's Contract"* means the AIA Standard Agreement, dated [\_\_\_\_], 20\_\_\_\_, between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the rehabilitation and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.

*"Bank"* means Boston Private Bank & Trust Company, a Massachusetts Trust Company, and its successors and assigns.

*"Calculation Period"* means the most recently ended six (6) month period ending on the last day of the applicable reporting period for which Bank requires financial statements.

*"Cash Collateral Account"* has the meaning set forth in Section 5.15(e)(i).

*"Capital Expenditures"* means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation or replacement of the Project.

*"Capital Obligations"* means Investor Limited Partner's capital contributions to Borrower in the total amount of [\_\_\_\_\_] and NO/100 Dollars (\$[\_\_\_\_]) as set forth in, evidenced by, and subject to the conditions of the Partnership Agreement.

*"Cash Sweep"* has the meaning set forth in Section 5.15(e)(i).

*"Cash Sweep Termination Date"* means the first day of the calendar month following a Sweep Date when any of the following has occurred: (a) if the Cash Sweep was established due to a breach of any of Sections 5.03 (a)(i)-(iii), (b), (e) or (h), then upon the receipt of such delinquent reports; (b) if the Cash Sweep was established due to a breach of Section 5.15(b), then upon accumulation of the requisite amount required, if such amounts were used to prepay a like principal amount of the Loan, to achieve an 80% Loan-to-Value Ratio in the Cash Collateral Account (as set forth in Section 5.15(f)(i)); provided however, Borrower may not obtain a release of the funds contained in the Cash Collateral Account until the Bank has received and approved of a third-party appraisal commissioned and paid for by Borrower demonstrating a Loan-to-Value Ratio of less than or equal to eighty percent (80%); (c) if the Cash Sweep was established due to a breach of Sections 5.15(c) or 5.15(d), then either (i) once Borrower has achieved a Debt Service Coverage Ratio greater than or equal to 1.15 to 1.00 (determined based on a 12-month rolling calculation) and no Event of Default set forth in Sections 7.01(a) through 7.01(u) is then continuing, in which case the Cash Sweep will cease, and funds from the Cash Collateral

Account will be returned to Borrower at Borrower's request; or (ii) once the funds contained in the Cash Collateral Account exceed twelve (12) months of Debt Service and Borrower has achieved a minimum Debt Service Coverage Ratio greater than or equal to 1.10 to 1.00 (determined based on a 12-month rolling calculation), and no Event of Default is then continuing, in which case the Cash Sweep will cease, and Bank will continue to hold funds in the Cash Collateral Account until Borrower achieves a Debt Service Coverage Ratio of 1.15 to 1.00; or (d) if the Cash Sweep was established due to a breach of Section 5.15(e), upon receipt of evidence to the Bank's satisfaction that the sum of funds held in the Cash Collateral Account established due to a failure to satisfy the Leverage Covenant plus the General Partner's Unrestricted Net Assets together satisfy the Leverage Covenant described in such Section.

*"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.

*"Completion Agreement"* means Completion Agreement by BlueGreen Guarantor and General Partner in favor of the Issuer.

*"Construction Contract"* means the contract, dated [\_\_\_\_\_], 20\_\_ between the Borrower and the Contractor, providing for the rehabilitation 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 Shangri-La Construction, LP.

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

*"Debt Service"* means the actual principal (if any) and interest payable under the Loan during the applicable Calculation Period.

*"Debt Service Coverage Ratio"* means as of any Debt Service Coverage Ratio Testing Period, the ratio, as determined by Bank, of Net Operating Income to Debt Service based on management prepared financial statements and, for the period ending on December 31, confirmed with audited financial statements .

*"Debt Service Coverage Ratio Testing Period"* means, the 12 month period ending on each Determination Date.

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



*“Determination Date”* means, each June 30 and December 31 following the Conversion Date.

*“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 rehabilitate and equip the Improvements in accordance with the Plans and Specifications.

*“Excess Cash Flow”* means, for any calendar month, an amount equal to:

(a) actual gross revenues of Borrower for such calendar month attributable to the Property (including, without limitation, all rentals, room charges, service and other fees or charges, license fees, parking fees and other revenues and cash payments of any kind received by the Borrower), less

(b) an amount equal to (i) actual operating expenses paid by Borrower during such calendar month and attributable to the Property (provided, that such calculation shall (A) include management fees paid or payable and allocable to such month pursuant to a property management agreement approved by the Bank, (B) include any reserves funded pursuant to the terms of the Loan Documents or which are otherwise deemed necessary by Borrower for the operation, maintenance or improvement of the Property and approved by Bank in its reasonable discretion; (C) include any tax credit adjusters under the Partnership Agreement or asset management fee payable to the Investor Limited Partner, or its successor or affiliate, each as set forth in the Partnership Agreement; and (D) exclude depreciation, amortization, other non-cash items and any amounts payable to affiliates of the Borrower (other than management fees referenced in clause (b)(i)(A) above and payments under (b)(i)(C) above)), plus (ii) the pro-rated portion of income taxes (if any) and any other annual payments which are not paid evenly over a 12-month period (such as audit expenses) allocable to such calendar month, together with principal and interest paid with respect to the Loan for such calendar month.

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

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

*“General Partner”* means Normandie Non-Profit Housing, Inc., a California nonprofit public benefit corporation, together with any permitted successors and assigns as general partner of Borrower.

*“General Partner Documents”* means the Environmental Indemnity.

*“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 rehabilitation, equipping and operation of the Project thereon.

*“Guarantor Documents”* means the Environmental Indemnity, the Payment Guaranty and the Completion Agreement.

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

*“Improvements”* means the 74-unit (plus one manager’s unit) multifamily rental housing project with related site improvements and amenities located on the Land and rehabilitated, 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.

*“Indemnified Costs”* means all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), including those incurred in connection with any investigation of site conditions or any remedial, removal or restoration work (whether of the Project or any other property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources, but excluding any Costs (as defined in the Indemnity Agreement), which Costs are subject to payment as is set forth in the Indemnity Agreement. Borrower shall not settle or compromise a claim giving rise to liability on the part of an Indemnified Party without the approval of such Indemnified Party.

*“Indemnified Party”* or *“Indemnified Parties”* means and includes the Trustee, Issuer, Servicer and the Majority Owner, its parent, subsidiary and affiliated companies, assignees of any of Servicer’s or Majority Owner’s interest in the Loan or the Loan Documents, owners of other interests in the Loan or the Loan Documents, any purchasers of the Project at any

foreclosure sale or from Majority Owner or any of its affiliates, and the officers, directors, employees and agents of each of them, past, present and future.

*“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, the Issuer or the Majority 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 owner of the Bond for federal income tax purposes.

*“Interest Rate Cap Contract”* means any agreement, whether or not in writing, relating to any Interest Rate Cap Transaction, including any master agreement, entered into prior to the date hereof or any time after the date hereof, between Interest Rate Cap Counterparty and Borrower (or its Affiliate), together with any related schedules and confirmations, as the same may be amended, restated, replaced, supplemented, superseded or otherwise modified from time to time in accordance with its terms, relating to or governing any or all of the foregoing.

*“Interest Rate Cap Counterparty”* means Boston Private Bank & Trust Company, or an Affiliate of Boston Private Bank & Trust Company, in its capacity as counterparty under any Interest Rate Cap Contract.

*“Interest Rate Cap Transaction”* means any transaction that is a rate swap, basis swap transaction, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, note or bill option, interest rate option, forward foreign exchange transaction, cap transaction, spot or floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, swap option, currency option, credit swap or default transaction, T-lock, or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, entered into prior to the date hereof or any time after the date hereof between Interest Rate Cap Counterparty and Borrower (or its Affiliate) so long as a writing, such as an Interest Rate Cap Contract, evidences the parties’ intent that such obligations shall be secured by the Mortgage in connection with the Loan.

*“Investor Limited Partner”* means [**Hunt Entity**], a [State] [form of business], together with its permitted successors and assigns as limited partner in Borrower.

*“Issuer’s Fee”* means the fees described in the Regulatory Agreement, including, but not limited to, Sections 7(n) and (o) thereof.

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

*“Letter of Credit”* means that certain Irrevocable Letter of Credit No. 15OSL\_\_\_\_\_, issued by East West Bank, for the benefit of Bank, dated as of February \_\_\_, 2015 in a stated amount of \$\_\_\_\_\_.

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

“*Liquidity Reserves*” means a liquidity reserve account, to be opened and maintained at the Bank upon the Conversion Date in accordance with Section 5.22(i) of this Loan Agreement.

“*Loan-to-Value Ratio*” means the total unpaid principal amount of the Loan divided by the appraised “*As-Is*” value of the Property. The appraised “*As-Is*” value of the Property shall be based upon the most recent appraisal prepared by a third-party appraiser acceptable to Bank. The appraisal shall be satisfactory to Bank in all respects, as reviewed, adjusted and approved by Bank. For purposes of this ratio only, the Bank shall only be entitled to commission an appraisal on or about each five year anniversary of the Conversion Date

“*Management Agreement*” means the Property Management Agreement dated as of [\_\_\_\_], 20\_\_\_\_, [as amended by an amendment dated as of \_\_\_\_\_ 1, 20\_\_\_\_,] between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

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

“*Net Operating Income*” means, for any period, (a) actual Project Revenues for such period less the Operating Expenses for such period.

“*Obligations*” means all present and future debts, obligations and liabilities of Borrower to Bank arising pursuant to, or on account of, the provisions of this Agreement, the Note or any of the other Loan Documents, including the obligations: (a) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the Note; (b) to pay all expenses, indemnification payments, fees and other amounts due at any time under the Mortgage or any of the other Loan Documents, together with interest thereon as provided in the Mortgage or such Loan Document; (c) to pay and perform all obligations of Borrower (or its Affiliate) under any Interest Rate Cap Contract; and (d) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower is required to perform, observe or comply with pursuant to the terms of this Agreement, the Mortgage or any of the other Loan Documents. Notwithstanding any language contained in the Loan Documents, the Obligations of Borrower to pay and perform under the Environmental Agreement are unsecured.

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

*“Operating Deficit Guaranty Period”* means the period beginning on the Conversion Date, and continuing for a period of 36 months thereafter.

*“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 multifamily 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; noncapital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the management agreement approved by the Bank; 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; payments made into the Replacement Reserves; 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 noncash 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; expenditures funded by disbursements from any reserves; 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 Issuer or the Trustee after an Event of Default, and franchise and income taxes of the Borrower.

*“Operating Reserves”* means an operating reserve account, to be opened and maintained at the Bank upon the Conversion Date in accordance with Section 5.22(e) of this Loan Agreement.

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

*“Origination Fee”* means [\$48,125] an amount equal to 1% of the maximum principal amount of the Bond.

*“Partnership Agreement”* means the [Normandie Senior Housing Preservation, L.P. Amended and Restated Limited Partnership Agreement] of the Borrower dated as of February [\_\_\_], 2015, between the General Partner and the Investor Limited Partner, [and “Special 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.

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

*“Plans and Specifications”* means the plans and specifications for the Project prepared by the Architect and more particularly described in the 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, rehabilitation 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 rehabilitation and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements.

*“Projected Operating Expenses”* means \$[\_\_\_\_\_] per annum (as may be increased on an annual basis subject to the Servicer’s review and consent of the Proposed Budget), 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 rehabilitation 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), plus all required deposits into the Replacement Reserves and Operating Reserves.

*“Project Revenues”* means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof, adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service, parking

income and draws from the Rent Subsidy Account according to the Rent Transition Plan, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards and (iv) security deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases.

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

*“Property Value”* means the “as-is” appraised value of the Property (taking into account the value of any federal low income housing tax credits to be allocated to the Project), as determined by an appraisal commissioned and performed by an appraiser acceptable to the Bank following completion of the Project.

*“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.

*“Rent Transition Plan”* means a written plan, approved by the Servicer, that sets forth Borrower’s anticipated increase in tenant rents to the extent permitted under the California Tax Credit Allocation Committee rental guidelines as set forth in Exhibit G incorporated herein by reference, which plan shall remain in place for a period of forty-two (42) months from the Closing Date.

*“Rent Transition Plan DSCR Calculation”* means, an alternative calculation of the Debt Service Coverage Ratio, to be applied during the term of the Rent Transition Plan. The Rent Transition Plan DSCR Calculation will be calculated based on rent levels based on TCAC guidelines and approved by Majority Owner (the “Rent Transition Plan Approved Rents”), in lieu of actual rents received from Tenants, to be calculated as follows: the Rent Transition Plan Approved Rents, reduced by a theoretical 5% vacancy rate and by actual Operating Expenses of the Property, as approved by the Majority Owner.

*“Rent Subsidy Account”* means a capitalized account, to be opened and maintained at the Bank in accordance with Section 5.22(f) of this Loan Agreement.

*“Replacement Reserves”* means a replacement reserve account, to be opened and maintained at Bank upon the first anniversary of the Conversion Date in accordance with Section 5.22(e) of this Loan Agreement.

*“Required Equity Funds”* means contributions by Investor Limited Partner under the Partnership Agreement.

*“Reserved Rights”* means, means rights of the Issuer, its members, officers, attorneys, accountants, employees, agents and consultants, past, present and future under the Loan Agreement and the Regulatory Agreement to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to enforce and receive payments of money directly and for its own purposes under

Sections 2.03(a), 2.03(b), 2.03(c), 2.03(d), 2.03(e), 2.03(l), 3.02(b), 3.02(d), 3.02(e), 5.03, 5.06, 5.13, 5.14, 5.19, 5.21(b), 6.03(a)(ii), 7.04 and 7.08 (as it relates to the Issuer) of this Agreement, the Issuer's rights to indemnification, to receive notices and the right to enforce such rights, including the Issuer's rights under and relating to the enforcement of the Regulatory Agreement, to receive the Rebate Amount under this Agreement, its rights of access, and to the extent not included above, the rights specifically reserved by the Issuer under the Indenture.

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

*"Special Limited Partner"* means, initially [ ] as special limited partner of the Borrower and all successors and assigns under the Partnership Agreement.]

*"Special Reserve Account"* means a reserve account, to be opened and maintained at Bank upon the first anniversary of the Conversion Date if required in accordance with Section 5.22(g) of this Loan Agreement.

*"Subordinate Loans"* means those certain loan funds in the original principal amount of [\$ ], secured by that certain [Deed of Trust], recorded on [DATE] in the official records of the Los Angeles County Registrar-Recorder's Office as document number [ ].

*"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 Credits"* means the federal low income housing credits available with respect to the Project.

*"Title Insurance Company"* means North American Title Insurance Company.

*"Title Policy"* means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Servicer and, its successors and assigns, as their interests may appear (with such with customary endorsements, 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.

*"Trustee Fee"* means the annual administration fees of the Trustee, for the ordinary services of the Trustee rendered under the Indenture during each 12-month period and shall be equal to 0.10% of : (i) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (ii) following the Conversion Date, the outstanding principal amount of the Bond, with an annual minimum fee of \$1,200, payable annually in arrears on each February 1 commencing February 1, 2016.



*“Unrestricted Net Assets”* means assets of a nonprofit which are not subject to any designation, reservation, pledge or restriction and which can be utilized for any decided-upon purpose.

**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 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.

## ARTICLE II

### REPRESENTATIONS AND COVENANTS

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

(a) The Issuer is a charter city and municipal corporation in the State, duly organized, validly existing and in good standing under the Act and the laws of the State.

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

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

(d) Neither of the Issuer nor any officer, member, supervisor, director, official, employee, counsel, attorney or agent of the Issuer has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(e) To the best knowledge of the Authorized Representative of the Issuer executing this Loan Agreement, there is no action, suit, proceeding, inquiry or investigation pending or threatened against the Issuer by or before any court, governmental agency or public board or body, which: (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bond; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bond; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bond; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bond or to carry out the transactions contemplated by any of the Issuer Documents or the Bond.

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

(g) The Issuer has used no broker in connection with the execution hereof and the transactions contemplated hereby.

**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 the State. The General Partner is, and at all times will be, a nonprofit public benefit corporation, duly organized, validly existing and in good standing under the laws of the State.

(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 4704 South Central Avenue, Los Angeles, CA 90011. The federal employer identification number for the Borrower is [\_\_\_\_\_].

(f) On the Closing Date, the Borrower will acquire and 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) No material adverse change has occurred in the financial conditions reflected in the financial statements of Borrower or any Guarantor since the respective dates of such statements, and no material additional liabilities have been incurred by Borrower since the dates of such statements other than the borrowings contemplated herein or as approved in writing by Bank. The foregoing representations shall only apply as of the date hereof and shall not be restated at any time hereafter for any purposes under the Loan.

(k) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(l) None of the Issuer, the Trustee or any officer, director, member, supervisor, director, official, employee, counsel, attorney or of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(m) 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.

(n) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Borrower's 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 Borrower's 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 Borrower's Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

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

(p) The Borrower is not contemplating either the filing of a petition by it, 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.

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

(r) 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.

(s) 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.

(t) 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).

(u) All information regarding the Borrower, the Project and any Obligor delivered to the Issuer, 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 as of the date and for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Borrower or the other Obligors to the extent applicable accounting principles required such disclosure.

(v) To the Borrower’s knowledge, there are no actions, suits, proceedings or investigations of any kind pending or threatened against the Borrower, 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, 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, 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 rehabilitate, 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.

(w) 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.

(x) 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.

(y) 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 rehabilitate and equip the Improvements and to use, occupy and operate the Project.

(z) Except as set forth on Exhibit C hereto, 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 rehabilitation and equipping of the Project in accordance with the Plans and Specifications on or before the Completion Deadline (as defined in the Completion Agreement) The Borrower will timely obtain all Project

Approvals not heretofore obtained by the Borrower (including those listed and described on Exhibit C hereto, 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.

(aa) 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 rehabilitation and equipping of the Improvements.

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

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

(dd) 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.

(ee) 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.

(ff) 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.

(gg) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties (except those contained in Section 2.02(j)) remain true and correct as of the date hereof.

(hh) 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) 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").

(ii) BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY 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 ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02(ii) HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

(jj) Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Issuer, Servicer or the Majority Owner is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and its interests therein; and that it has not relied on Issuer, Servicer or the Majority Owner for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement or otherwise relied on Issuer, Servicer or the Majority Owner in any manner.

(kk) At the written request of Boston Private, Borrower will list Boston Private's name on any signage located at the Project during the period when approved construction is occurring at the Project.



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

- (a) [reserved];
- (b) Comply with all Legal Requirements and promptly furnish the Issuer, the Trustee and the Servicer with reports of any official searches made by any Governmental Authority and any claims of violations thereof;
- (c) Upon reasonable notice and at reasonable times, permit the Servicer, the Majority Owner, the Issuer and the Trustee (or their representatives) to enter upon the Land and inspect the Project;
- (d) Indemnify the Issuer, the Trustee, the Majority 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 Issuer 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, 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 Issuer, the Trustee, or the Servicer or the duly authorized agent of any of them and shall keep copies of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Trustee, the Servicer or the duly authorized agent of any of them;

(k) [reserved];

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

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.

### **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 Issuer has, consistent with its duties and purpose under the Act, issued and caused the Trustee to authenticate and deliver the Bond pursuant to the Indenture to the initial Majority Owner. The Bond bears interest and is payable as provided therein and in the Indenture. The Bond shall mature and all Outstanding principal of, interest and Additional Interest (if any) on the Bond shall be due and payable in full on the Maturity Date, all as provided more fully in the Bond and the Indenture.

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

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, 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 Issuer, the Trustee is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee's making disbursements from the Project Fund in accordance with such Requisition. Neither the

Trustee nor the Issuer 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) On the Closing Date, the Borrower shall pay to the Trustee, for deposit into the Project Fund, all legal (including Bond Counsel and the respective counsel to Borrower, Issuer, Majority Owner and Trustee), abstractors', title insurance, financial, engineering, environmental, construction services, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer, Majority Owner and Trustee on or before or in connection with issuance of the Bond; provided however, that Borrower's liability for the costs set forth in this Section 3.02(a) shall survive any failure to close on the Bond, and such payment shall be due within 10 days of written notice thereof. Beginning one month following the Closing Date, Borrower shall pay to the Trustee, for deposit into the Project Fund, on the first day of each month thereafter, an amount equal to 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) as of such date. On the Conversion Date, the Borrower shall pay the principal of the Bond in such amount as required under the Indenture. Beginning upon the first day of the month following the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Revenue Fund, on the first day of each month, an amount equal to the sum of (i) 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), plus (ii) the principal 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 the Bond is based upon the assumption that interest income paid on the Bond will be excludable from the gross income of the Majority Owner under Section 103 of the Code and applicable state law. In the event that an Initial Notification of Taxability shall occur (unless caused solely as a result of a merger, reorganization or other corporate restructuring of the Majority Owner), then the interest rate on the Note and the Bond, and on all obligations under this 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, an amount equal to the Additional Interest payable on the Bond. The Borrower shall also indemnify, defend and hold the Majority Owner harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Majority Owner' 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 Majority Owner with respect to the Bond. The obligations of the Borrower under this Section 3.02(b) shall survive termination of this Agreement, the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.02(b), a final determination is made, to the satisfaction of the Majority Owner, that interest paid on the Bond is excludable from the Majority Owner's gross income under Section 103 of the Code and applicable state law, the Majority 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 (i) the Trustee Fee and Trustee Expenses to the Trustee, (ii) the Origination Fee to the Majority Owner and (iii) the Issuer's Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Trustee, the Majority Owner and the Issuer, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel, Majority Owner and counsel to the Trustee), as and when the same become due, and to pay within 30 days after receipt of request for payment thereof, which request shall set forth the relevant expenses, all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Costs of Issuance paid at Closing), of the Issuer incurred by the Issuer at any time in connection with the Bond or the Project ("Issuer's Expenses"), including any amendment, interpretation and enforcement of any of the Loan Documents. Borrower will also promptly pay all costs and expenses incurred by Issuer and/or Trustee in connection with the making, disbursement and administration of the Loan and the issuance and administration of the Bond. Such costs and expenses shall be paid by Borrower in addition to Issuer's Ongoing Fee, Issuer Expenses and Trustee Expenses, which Borrower shall pay as and when required by the Indenture and this Agreement. Borrower agrees to pay all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee Expenses, Issuer's Expenses and the Issuer's Ongoing Fee) incurred under the Indenture, as and when the same become due. Borrower will also pay the fees and expenses of any Arbitrage Analyst engaged with respect to the Bond, and will pay any amounts due and owing to the U.S. Treasury as rebate payments.

(d) The Borrower 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 Majority Owner is not liable. The Borrower also agrees to pay all reasonable costs and expenses incurred by the Trustee in connection with the administration of the Bond, the Loan or the collateral therefor, and any amendments, modifications or "workouts" thereof, including without limitation reasonable attorneys' fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs upon receipt of written demand therefor.

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

(f) The Borrower agrees to pay the Bank on or before the Closing Date, the Origination Fee.

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

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

**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 Issuer in respect of its Reserved Rights and payments to be made to the Servicer and the Trustee pursuant to Section 3.02(c) hereof) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bond. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the Issuer, to the extent of the assignment, for purposes of 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 setoff, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete rehabilitation and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems

reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

## **ARTICLE IV**

### **ADVANCES**

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. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as Exhibit G to the Construction Disbursement Agreement and a completed requisition 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 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 Issuer. Upon approval, 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 rehabilitation and equipping of the Improvements within 30 days after the Closing Date, will diligently pursue rehabilitation and equipping of the Improvements, will complete such rehabilitation and equipping prior to the Termination Date (as defined in the Intercreditor Agreement), and will pay all sums and perform all such acts as may be necessary or appropriate to complete such rehabilitation 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.** The Borrower will deliver, or cause to be delivered, to the Bank and the Servicer (and upon request, to the Issuer):

(a) as soon as available, but in any event not later than 180 days after the end of each fiscal year of the Borrower, beginning for the year ended December 31, 2014: (i) a summary rent roll; (ii) an operating statement; (iii) an audited financial statement prepared in accordance with Generally Accepted Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant; and (iv) such further information as may be requested by the Issuer, the Bank or the Servicer ;

(b) within 30 days after the end of each Debt Service Coverage Ratio Testing Period, management prepared statement of income, expenses, changes in capital, a statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower for the applicable 12-month period and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles;

(c) within 15 days after the receipt thereof, copies of any material notices received by Borrower in connection with the Subordinate Loans or the Partnership Documents;

(d) within 15 days of the annual payment thereof, Borrower shall provide to the Servicer and Trustee evidence that: (i) Borrower has paid for all real property taxes for the Property or the Property is exempt from real property taxes; and (ii) Borrower has paid all premiums on the insurance policies required to be maintained pursuant to the Loan Documents;

(e) as soon as available, but in any event not later than within 30 days after the end of each fiscal year of Guarantor, beginning for the year ended December 31, 2014, a management prepared statement of income, changes in capital, a statement of cash flows for such year, and a statement of all contingent liabilities of the Guarantor for the applicable 12-month period and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles; provided however, that BlueGreen Guarantor will not be required to provide any reporting following the term of its guaranty;

(f) from time to time such other financial data and information related to the Borrower, the General Partner and the Project as the Issuer, the Trustee, the Bank or the Servicer may reasonably request;

(g) as soon as available, but in any event not later than within 180 days after the end of each fiscal year of: (i) NNPH Guarantor beginning for the year ended December 31, 2014, NNPH Guarantor shall provide the Bank and Servicer audited financial statements; and (ii) BlueGreen Guarantor, beginning for the year ended December 31, 2014, BlueGreen Guarantor shall provide the Bank and Servicer its audited financial statements, if available, or, if not available, its accountant-prepared financial statements; and

(h) commencing on the date of this Agreement, and continuing through the term of the Rent Transition Plan, within 30 days of the end of each fiscal quarter,

Borrower shall provide the Bank with an update of all activities undertaken by Borrower in connection with the Rent Transition Plan, including, but not limited to meetings with tenants, relocation specialists and local government officials, and a summary of all lease activity, including successful relocations, new leases and lease terminations

**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 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, provide title insurance coverage over 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 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 Servicer during such inspections (including making available working drawings of the Plans and Specifications), provided that this provision shall not be deemed to impose on the Issuer, the Trustee and the Servicer any obligation to undertake such inspections.

(b) The Borrower shall permit the Issuer, 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 Issuer, the Trustee and the Servicer may reasonably request, provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one such investigation during any 12-month period.

(c) The Issuer, 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 60-month period.

(d) The costs and expenses incurred by the Issuer, 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 Issuer, 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 for the purpose of paying costs of acquisition, rehabilitation and equipping of the Project and Qualified Project Costs (as defined in the Regulatory Agreement).

**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 complete the rehabilitation and equipping of the Improvements in accordance with the Plans and Specifications and to pay all other Project Costs, other than development fees to the developer, regardless of how such condition may be caused, the Borrower will, within 10 days after written notice of such determination from the Trustee, deposit with the Servicer 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. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of a Default, 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 in accordance with Section 5.03 of the Indenture.

**Section 5.10. Laborers, Subcontractors and Materialmen.** The Borrower will furnish to the Issuer or the Servicer upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Issuer or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Issuer and the Servicer, at any time and from time to time upon reasonable request by the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the Servicer from the Contractor and such subcontractors or materialmen as 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 or 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 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, rehabilitation 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 Rehabilitation.*** The Borrower will furnish or cause to be furnished to the Issuer and the Servicer all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower's expense.

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

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

(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 Issuer, 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 hereunder or any of the other Loan Documents; (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 results of operations, business or properties of Borrower, Guarantor or any other Person liable for the payment or performance of any of Borrower's obligations; (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, rehabilitation, equipping, operation, or use of the Project; (f) any violation of law by Borrower or any Guarantor, or any claim or assertion by any Governmental Authority that the Property or Improvements fail to comply with any law; or (g) any investigation by any Governmental Authority, or any litigation, arbitration or other proceeding instituted or threatened against Borrower or any Guarantor or the Property, and any material development therein.

#### **Section 5.15. Financial Covenants.**

(a) **Loan-to-Value, Prior to the Conversion Date.** At all times prior to the Conversion Date, the principal amount of the advances under the Loan will be less than or equal to 95% of the then-undrawn portion of the Letter of Credit. The Loan-to-Value Ratio, prior to the Conversion Date will be tested upon each draw request.

(b) **Loan-to-Value, Following the Conversion Date.** At all times following the Conversion Date, the Borrower shall maintain a Loan-to-Value Ratio of less than or equal to eighty percent (80%).

(c) **Debt Service Coverage Ratio, Rent Transition Period.** During the period following the Conversion Date, and prior to the termination of the Rent Transition Plan (the "Rent Transition Period"), Borrower shall at all times maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.15 to 1.00, to be calculated using the Rent Transition Plan DSCR Calculation. This ratio will be tested by the Bank at the end of each Debt Service Coverage Ratio Testing Period; provided that any failure to meet such ratio shall not be an Event of Default hereunder.

(d) Debt Service Coverage Ratio, Post Rent Transition Period. Following the termination of the Rent Transition Plan, Borrower shall at all times maintain a Debt Service Coverage Ratio as of any Determination Date of at least 1.15 to 1.00. This ratio will be tested by the Bank at the end of each Debt Service Coverage Ratio Testing Period provided that any failure to meet such ratio shall not be an Event of Default hereunder..

(e) General Partner Unrestricted Net Assets. Following the Conversion Date, the General Partner shall demonstrate, relative to the consolidated balance sheet of its core operating subsidiaries, Unrestricted Net Assets of not less than \$[118,000], of which no less than 25% (\$[29,500]) shall be in cash or other liquid investments (the "Leverage Covenant") measured annually on the anniversary of the Conversion Date and confirmed by an audited financial statement of the General Partner. Upon a failure to satisfy the Leverage Covenant, the Cash Sweep provisions of Subsection (f) below shall apply.

(f) Cash Sweep Provision. In the event Borrower fails to meet any of the reporting covenants set forth in Section 5.03 (a)(i)-(iii), (b), (e) or (h) or the financial covenants set forth in Sections 5.15(b) through 5.15(e) set forth herein on the applicable date, the provisions of clauses (i), (ii), (iii) and, (iv) below shall apply until the applicable Cash Sweep Termination Date. .

(i) For each calendar month commencing with the month after the applicable date when Borrower failed to meet the applicable covenant until the occurrence of the Cash Sweep Termination Date, Borrower shall cause to be delivered to the Bank monthly Excess Cash Flow by depositing such funds directly into a cash collateral account designated by the Bank and subject to the provisions set forth below (a "Cash Collateral Account"). Such monthly payments of Excess Cash Flow (the "Cash Sweep") shall be deposited for each month on or before the 15<sup>th</sup> day of the succeeding month after the commencement of the Cash Sweep (the "Sweep Date"). For example, if the Determination Date occurred on June 30, and the Cash Sweep commenced in July, then Excess Cash Flow for July shall be deposited on or before August 15<sup>th</sup>. During the period when the cash sweep is in effect, the Borrower shall deliver to the Bank on or before each Sweep Date, a detailed calculation of the Excess Cash Flow for such month in a form satisfactory to the Bank, together with an income statement, rent roll, and such other supporting statements, information and documentation that the Bank may request to verify the Borrower's calculation of the Excess Cash Flow.

(ii) Borrower hereby agrees (i) that each Cash Collateral Account established pursuant to the terms of this Agreement shall be an account established at the Bank and held in such name or names as the Bank shall deem appropriate, including in the name of the Bank, using Borrower's tax identification number, (ii) that Bank shall have exclusive control with respect to each Cash Collateral Account, including, without limitation, the exclusive right of withdrawal with respect to funds held therein (subject to the terms of this Agreement), (iii) to execute and deliver to the Bank any such account agreements or designations or other documentation reasonably requested by

Bank in order to open, maintain and/or control each Cash Collateral Account in accordance with the terms of this Agreement and (iv) that the Bank may, at its option, either use a pre-existing Cash Collateral Account or establish a new Cash Collateral Account for deposit of the monthly payments of Excess Cash Flow. Cash Collateral Accounts shall be interest-bearing; provided, that all interest, if any, earned from time to time on funds deposited in any Cash Collateral Account shall be retained in the account as cash collateral held pursuant to the terms of this Agreement. Borrower hereby grants to the Bank, for the purpose of securing all of the Borrower's obligations, a security interest in each Cash Collateral Account established pursuant to the terms of this Agreement and all funds from time to time held therein. The Bank shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of California with respect to each Cash Collateral Account and the funds from time to time held therein.

(iii) The Bank shall have the right to withdraw funds from time to time held in a Cash Collateral Account as follows: (i) to the extent any Event of Default set forth in Sections 7.01(a) through 7.01(u) has occurred and is then-continuing or upon the occurrence of the Maturity Date, the Bank may, in its sole discretion, withdraw and apply any funds held in a Cash Collateral Account to any of the then-due and payable obligations of Borrower (whether as a result of acceleration or otherwise); or (ii) if requested by Borrower or to the extent necessary to preserve the value of the Property and not otherwise paid by Borrower in a timely manner (and regardless of whether an Event of Default set forth in Sections 7.01(a) through 7.01(u) is then-continuing), the Bank may, in its sole discretion, withdraw funds from a Cash Collateral Account for the purpose of paying any costs and/or expenses related to the Property (such funds to be disbursed to Borrower or paid directly to the applicable party entitled thereto, as determined by the Bank in its sole discretion).

(iv) Upon the occurrence of a Cash Sweep Termination Date, the Bank shall, promptly following the written request of Borrower, return or otherwise release the funds (if any) then-remaining in the applicable Cash Collateral Account to the Borrower. The occurrence of a Cash Sweep Termination Date and the return or release of funds to the Borrower in connection therewith shall not, in any case, preclude the application of the cash sweep provisions set forth herein with respect to any subsequent failure by Borrower to meet the required Debt Service Coverage Ratio.

#### **Section 5.16. Management Agreement.**

(a) At all times during the term of this Loan Agreement, the Project shall be managed pursuant to a Management Agreement with the Manager, which agreement 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 Issuer, the Trustee, and the Servicer will rely on the Manager's experience in operating properties such as the Project as a means of

maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

(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 Agreement shall provide for management fees 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 Agreement as may be requested by 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 material amendment to the Management Agreement or delivery of a replacement management agreement must be approved in writing by the Servicer, which approval shall not be unreasonably withheld.

**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.*** Except in the case of amendments required in connection with permitted transfers described in subsection (e) below, neither the Borrower nor the General Partner shall amend, supplement terminate or otherwise modify materially any provision of its Organizational Documents prior to Conversion, the documents evidencing the Subordinate Loans or the provisions of any documents relating to the contribution of equity by the partners of the Borrower prior to Conversion without obtaining the prior written consent of the Servicer.

(c) ***Restrictions on Indebtedness.*** Without obtaining the prior written consent of the Servicer and the Bank, 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 or unsecured loans from partners of the Borrower;

(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; and

(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.

(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 Section 6 of the Mortgage.

(e) ***Transfers.*** The Borrower shall not transfer the Loan, or any interest in the Loan, the Project, or any interest in the Project, in the Borrower or in any partner, except the Investor Limited Partner, in the Borrower, or permit any such transfer, except (i) with the prior written consent of the Bonds and as permitted by Section 6 of the Mortgage, (ii) as permitted or not prohibited, pursuant to the Construction Disbursement Agreement and (iii) as permitted by the Regulatory 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.*** For the benefit of Issuer and the Bondholder, Borrower covenants that it will not (i) take any action, (ii) fail to take any action or (iii) make any use of the Project or the proceeds of the Loan, which would cause the interest on the Bond to be or become includable in the gross income of the owner thereof for federal income tax purposes.

#### **Section 5.18. Arbitrage and Tax Matters.**

(a) The Borrower hereby represents, warrants and agrees that all certifications and representations of fact made by the Borrower in the Borrower's Tax Certificate are true, accurate and complete in all material respects of the date on which executed and delivered.

(b) The Borrower covenants not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bond to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Majority Owner of the that so long as the Bond remains Outstanding, moneys on deposit in any fund or account in connection with the Bond, whether such moneys were derived from the proceeds of the sale of the Bond or from any other sources, will not be used in a manner which will cause the Bond to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. In furtherance of the foregoing, the Borrower covenants to comply with the terms and conditions of Borrower's Tax Certificate and to pay when due any amount required to be paid to the United States in accordance with Borrower's Tax Certificate and this Loan Agreement.

(c) At any time when any amount required to be paid under Section 148(f) of the Code (the "Rebate Regulations") is due, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Within 60 days after the Bond has been paid in full, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other appropriate information reporting form) prepared by the Borrower. No later than 15 days prior to each date on which a payment could become due under the Rebate Regulations ("Rebate Payment Date"), the Borrower shall deliver to the Issuer and the Trustee a certificate of a Rebate Analyst either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid, if the certificate specifies an amount to be paid, (a) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an Authorized Representative of the Issuer, and shall include a certification by the Borrower that the Form 8038-T is accurate and complete, and (b) no later than 10 days after the Rebate Payment Date, the Borrower shall furnish to the Issuer and the Trustee a certificate state that such amount has been timely paid. This Section 5.18(c) shall be construed so as to cause compliance with the



Rebate Regulations. The Borrower covenants that all action taken under this Section 5.18(c) shall be taken in a manner that complies with the Rebate Regulations and that it shall neither take any action nor omit to take any action that would cause the Bond to be an “arbitrage bond” by reason of the failure to comply with the Rebate Regulations. To the extent that any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest, penalty or other amount necessary to prevent the Bond from becoming an “arbitrage bond” within the meaning of Section 148 of the Code. The Borrower covenants that, to the extent necessary, it shall obtain the advice and assistance of a Rebate Analyst to aid it in complying with the Rebate Regulations.

**Section 5.19. Indemnification; Borrower’s Obligations.** Borrower releases Issuer, Trustee, Servicer and Majority Owner, and their respective officers, directors, agents, shareholders (as applicable), officials, employees, counsel, attorneys and agents, past, present and future (and as to Issuer, members of its governing body) and any person who controls Issuer, Trustee, Servicer or Majority Owner within the meaning of the Securities Act of 1933, from, and covenants and agrees, without limiting the Indemnity provided in Section 3.02 hereof or in the Regulatory Agreement, to indemnify, hold harmless and defend Issuer, Trustee, Servicer and Majority Owner and their respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them and any person who controls such party within the meaning of the Securities Act of 1933 and employees and each of them (each an “Indemnified Party”) from and against, any and all losses, claims, damages, demands, liabilities and expenses (including reasonable attorney’s fees and expenses), taxes (other than income taxes payable by any party as a result of any fees payable to such parties in connection with the transaction contemplated hereby), causes of action, suits, claims, demands and judgments of any nature, joint or several, by or on behalf of any person arising out of:

- (a) 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 a Note);
- (b) the approval of the financing for the Project or the making of the Loan;
- (c) the issuance and sale of the Bond or any certifications or representations made by any person other than the party seeking indemnification;
- (d) 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 a Note);

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

(f) 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 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 Trustees administration where such is a result of actions contrary to Trustees duties and obligations;

(g) 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 Borrower's 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;

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

(i) 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 a Note);

(j) 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 during the Borrower's ownership thereof, or arising out of any action or inaction of Borrower, whether or not related to the Project, or resulting from or in any way connected with the acquisition, rehabilitation or management of the Project during the Borrower's ownership thereof, 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;

(k) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project during the Borrower's ownership thereof; and

(l) any and all claims arising in connection with the operation of the Project during the Borrower's ownership thereof, 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 during the Borrower's ownership thereof, including, but not limited to, the Americans with Disabilities Act, if applicable (as evidenced by an architect's certificate to such effect).

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 default, bad faith, negligence or willful misconduct of such Person; and (ii) in the case of the foregoing indemnification of Issuer, Servicer or Majority Owner, or any of their respective Indemnified Parties, to the extent such damages are caused by the willful misconduct, in the case of the Issuer, or the gross negligence or willful misconduct in the case of the Servicer or Majority Owner.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, Borrower, upon written notice from the 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 the 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 Issuer, Majority Owner 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 (A) 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 Borrower or (B) such separate counsel is employed with the approval of Borrower, which approval shall not be unreasonably withheld, conditioned or delayed.

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 favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

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 5.19 shall in any way limit the Borrower’s indemnification and other payment obligations set forth in the Regulatory Agreement.

**Section 5.20. [Reserved].**

**Section 5.21. Sale of Bond and Securitization.**

(a) At the request of the Servicer, the Borrower shall, subject to the restrictions of Section 3.09 of the Indenture, take such actions and execute and deliver such documents and data as may be reasonably necessary or appropriate in connection with the sale of the Bond or participation therein or any securitization (such sale and/or securitization, the “Securitization”) of single or multiclass securities (the “Securities”) secured by or evidencing ownership interests in the Bond. Without limiting the generality of the foregoing, the Borrower shall:

(i) provide financial and other information with respect to the Project, the Borrower and its Affiliates, the manager and any tenants of the Project and provide business plans and budgets relating to the Project;

(ii) perform or permit or cause to be performed or permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I and, if appropriate, Phase II), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization (the items provided to the Servicer pursuant to this paragraph (a) being called the “Provided Information”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer and the Rating Agencies;

(iii) cause counsel to render opinions as to nonconsolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project, the Borrower and its Affiliates, which counsel and opinions shall be satisfactory to the Servicer and the Rating Agencies;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Loan Documents as are customarily provided in securitization transactions and as may

be reasonably requested by the Servicer or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(v) provide current certificates of existence with respect to the Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Loan Documents and the Organizational Documents of the Borrower as may be requested by the Servicer or the Rating Agencies or otherwise to effect the Securitization.

(b) All reasonable third-party costs and expenses incurred by the Borrower solely in connection with the Borrower's complying with requests made under this Section 5.21 shall promptly be paid or caused to be paid by the Servicer. The Borrower shall not be liable for third-party costs or expenses incurred by the Servicer in connection with the Securitization.

(c) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum (each, a "Disclosure Document") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Servicer in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(d) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Servicer, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and such sections (and any other sections reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(e) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify the Servicer, the Issuer and the underwriter group for any securities (the "Underwriter Group") for any liabilities to which the Servicer, the Issuer or the Underwriter Group may become subject insofar as the liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the

statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Issuer, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Issuer, the Servicer or the Underwriter Group in connection with defending or investigating any such liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

(f) Promptly after receipt by an indemnified party under subsection (d) or (e) above of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party as provided herein, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior written consent of the Borrower.

(g) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in subsection (e) above is for any reason held to be unenforceable by an indemnified party in respect of any liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under subsection (e) hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(h) Except as provided in subsection (e) above, the Borrower's liability under this Section 5.21 shall be limited to liabilities arising out of or based upon any such

material untrue statement or omission made with knowledge thereof and made therein in reliance upon and in conformity with information furnished to the Servicer by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower, operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project.

#### **Section 5.22. Funds and Accounts.**

(a) Upon the first anniversary of the Conversion Date, and upon each anniversary thereafter, the Borrower shall deposit an amount equal to \$300 per unit per year into an account held by Bank (the “Replacement Reserves”). Any and all interest earned by the Replacement Reserves shall be the property of the Borrower, and shall be maintained within the Replacement Reserves account.

(b) Except as otherwise provided in this Section, before the Servicer shall authorize the withdrawal of any amounts from the Replacement Reserves, the Borrower shall submit the following items to the Servicer for its review and approval:

(i) [reserved];

(ii) a requisition from the Borrower stating that no Event of Default exists and requesting the Servicer to approve a disbursement;

(iii) if requested by the Servicer, evidence of compliance with all applicable Legal Requirements;

(iv) if requested by the Servicer in connection with rehabilitation work in excess of \$10,000, evidence of builders’ risk insurance along with workers’ compensation and public liability insurance in such amounts and in such form as the Servicer may reasonably require;

(v) if requested by the Servicer in connection with rehabilitation work in excess of \$10,000, evidence that the Consulting Engineer shall have inspected and approved of the work performed to date; and

(vi) evidence that the general contractor has delivered and filed effective mechanics lien waivers prior to the commencement of work or, if such waivers were not delivered and filed, a release of liens in connection with all work performed, which releases may be conditioned upon payment to the general contractor provided that the general contractor delivers unconditional releases within 30 days of receipt of such payment.

(c) Provided the conditions set forth in Section 5.22(d) have been satisfied (or waived in writing by the Servicer), the Servicer shall authorize the withdrawal from the Replacement Reserves of the amount requested by the Borrower, or such lesser amount approved by the Consulting Engineer, to the Borrower. It shall be a condition to

all withdrawals from the Replacement Reserves that (i) all work shall be performed in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (ii) the Servicer shall have reviewed and approved each of the foregoing requirements, (iii) the work to be performed is consistent with the recommendations of the Consulting Engineer, and (iv) sufficient amounts are on deposit in the Replacement Reserves to pay the requested amounts.

(d) [reserved].

(e) Upon the Conversion Date, the Borrower shall deposit an amount equal to three months of Debt Service (assuming a rate of interest equal to the strike rate of the interest rate contract purchased by the Borrower for the benefit of the Bank), plus three months of approved Projected Annual Operating Expenses for the Project (the “Minimum Operating Reserve Amount”) into a restricted account to be maintained with the Bank (the “Operating Reserves”). Borrower may use moneys in the Operating Reserves as necessary to the extent that Project Revenues are insufficient to pay Operating Expenses and/or the amount necessary to pay principal and interest on the Bond as required pursuant to Section 3.02. Subsequent to the use of such funds, Borrower shall be required to replenish such Operating Reserves up to the Minimum Operating Reserve Amount with Borrower’s Net Operating Income, as defined in the Partnership Agreement after payment of asset management fees, investor funding repayment and tax credit adjusters due under the Partnership Agreement, but prior to making any additional distributions. Any and all interest earned by the Operating Reserves shall be the property of the Borrower and shall be maintained within the Operating Reserve account.

(f) Upon the Conversion Date, Borrower shall deposit an amount equal to \$300,000 into an account to be maintained with the Bank (the “Rent Subsidy Account”). If Borrower’s Debt Service Coverage Ratio falls below 1.00:1.00 during the Rent Subsidy Account, then Borrower may utilize funds in the Rent Transition Reserve to pay for Operating Expenses, but only to the extent necessary to achieve a 1.00:1.00 Debt Service Coverage Ratio, as determined by the Bank, to pay any tax credit adjusters due under the Partnership Agreement or asset management fee payable to the Investor Limited Partner, or its successor or affiliate, each as set forth in the Partnership Agreement. Upon the termination of the Rent Transition Period, Borrower may request the Bank’s consent to release the Rent Subsidy Account, which the Bank will grant, provided that, (i) the Bank has received evidence satisfactory to the Bank, in the Bank’s sole and absolute discretion, that Borrower’s Special Limited Partner has consented to the same, and (ii) there are no then current Events of Default under any of the Loan Documents.

(g) Upon the Closing Date, Borrower shall establish a disbursement account to be maintained with the Bank.

(h) Upon the Closing Date, Borrower shall establish an operating account to be maintained with the Bank.



(i) Upon the Conversion Date, the Borrower shall deposit an amount equal to six (6) months of Debt Service on the Loan calculated using the maximum interest rate set forth under the Interest Rate Cap Contract (the "Liquidity Reserve Amount") into a restricted account to be maintained with the Bank (the "Liquidity Reserves"). Upon Borrower's request, the Liquidity Reserve Amount may be reduced by 25% for each year that Borrower meets the Debt Service Coverage Ratio of 1.15 to 1.10 following the termination of the Rent Transition Plan, until such time as the Liquidity Reserve Amount is equal to three (3) months of Debt Service on the Loan. Provided, however, that so long as Borrower maintains Pledged Funds (as set forth in Section 6.5 of the Partnership Agreement) in an amount equal to or greater than the Liquidity Reserve Amount, Bank will deem the requirements of this Section 5.22(i) to have been satisfied, provided further, however, that Borrower shall provide Bank with notice of the release of any Pledged Funds accompanied by a then-current accounting of the total funds held as Pledged Funds. In any case where the Liquidity Reserve Amount is not maintained, either as a separate account or as part of the Pledged Funds, such will be deemed an event of default pursuant to this Section 5.22(i).

(j) All interest earnings on funds and accounts established hereunder shall remain in the respective fund or account, as applicable.

**Section 5.23. 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 and to operate the residential units of the Project, and to use the Borrower's commercially reasonable 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;

(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) 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; and (ii) the fully completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Servicer a copy of any certificates, income certificates, reports and information which the Borrower is required to file with the California Tax Credit Allocation Committee or a copy of any Form 8823’s received by the Borrower. .

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 Majority Owner of the Bond, for the obligations of the Borrower in connection with the Loan; provided that the parties hereto understand and agree that such pledge of Tax Credits shall be effective only upon foreclosure or deed in lieu of foreclosure of the Mortgage.

The Borrower and Majority Owner of the Bond are relying upon Investor Limited Partner’s payment of the Capital Obligations, pursuant to the terms and conditions of the Partnership Agreement, for payment or repayment of certain of the costs of construction of the Project and for repayment by Borrower of all or a portion of the Loan. However, Investor Limited Partner’s payment of the Capital Obligations on the dates when due or contemplated to be paid (each a “Payment Date”) may be subject to conditions set forth in the Partnership Agreement (“Payment Conditions”). For purposes of this Section, the term “Investor Limited Partner” includes any transferee of all or a part of Investor Limited Partner’s partnership interest.

The Borrower and General Partner understand and acknowledge that if, for any reason, Investor Limited Partner declines to or otherwise fails to pay the Capital Obligations on or before

a Payment Date, such nonpayment is likely to result in an Event of Default under the Construction Disbursement Agreement, and thus will constitute an Event of Default hereunder, and Majority Owner of the Bond may pursue all its rights and remedies hereunder and under the other Loan Documents, subject to any applicable notice and cure rights.

The Investor Limited Partner shall have the notice and cure rights provided in the Mortgage and the right to remove and replace General Partner pursuant to the terms of the Partnership Agreement, subject to the Regulatory Agreement[]; provided, however, that (1) the replacement of any General Partner by a person or entity to whom transfer of the interest of the General Partner is permitted under the Partnership Agreement (an “Approved Transferee”) shall be subject to the prior written approval of Issuer, which approval shall be governed by the terms of the Regulatory Agreement, (2) the partnership interests of any such substitute general partner or partners shall be subject to Bank's security interests pursuant to the terms of the Construction Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Agreement, and (3) any such substitute general partner shall execute any and all documents, including security agreements and financing statements, as Majority Owner may reasonably request in order to create, perfect, or continue such security interests.

#### **Section 5.24. Leasing.**

(a) The Servicer, Majority Owner (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 and Majority Owner'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 and Majority Owner'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 or Majority Owner's written request therefor, the Servicer or Majority Owner, as applicable, 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 Majority Owner, the Issuer, 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; and

(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 Majority Owner.

(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 Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Servicer may make written demand on the Borrower to submit all future leases for the Servicer's approval prior to execution. The Borrower must comply with any such demand by the Servicer.

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

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

#### **Section 5.25. 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 Issuer, the Trustee, and the Servicer of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer’s, Trustee’s and Servicer’s taking any and all steps the Issuer, the Trustee, and the Servicer deem necessary, in the sole discretion of each of the Issuer, the Trustee, and the Servicer, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the “freezing” and/or “blocking” of assets).

(d) Upon Issuer, Trustee’s or Servicer’s request from time to time during the term of the Loan, Borrower agrees deliver a certification confirming that the representations and warranties set forth in this Section 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 Issuer, the Trustee, or the Servicer, and to cause each Related Person to cooperate with the Issuer, the Trustee, or the 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 Issuer, the Trustee, or the 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 Issuer, the Trustee, or the 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.

**Section 5.26. Location.** The Project will be located wholly within the City of Los Angeles, California.

**Section 5.27. Changes to the Project.** Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Law or the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bond. Borrower shall utilize the Project as required by the Regulatory Agreement.

**Section 5.28. Nondiscrimination and Affirmative Action.** The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the Issuer. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person’s race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender

identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower shall also comply with all rules, regulations, and policies of the Issuer's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this 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 5.29. Limitation on Issuer's Liability.** No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, attorney or agent of Issuer in his or her individual capacity, and neither any employee, attorney or officer of the Issuer nor any officer thereof executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, attorney or agent of Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Loan Agreement or the Act, provided such director, officer, employee, attorney or agent acts in good faith. No agreements or provisions contained in this Agreement nor any agreement, covenant or undertaking by Issuer contained in any document executed by Issuer in connection with the Project or the issuance, sale and delivery of the Bond shall give rise to any pecuniary liability of Issuer or a charge against its general credit or taxing powers, or shall obligate Issuer financially in any way.

**Section 5.30. Americans with Disabilities Act.** Borrower hereby certifies that it will comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L.110-325 and all subsequent amendments (the "ADA"). Borrower 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. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by Borrower, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section.

**Section 5.31. Business Tax Registration Certificate.** Subject to any exemption available to it, Borrower represents that it has obtained or will obtain the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, Borrower shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

## **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 but not in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bond, Additional Interest, if applicable, as set forth in Section 4.03 of the Indenture together with interest as set forth in Section 4.03 of the Indenture. The Note is not otherwise subject to optional prepayment by the Borrower.

(b) To effect prepayment of the Note and redemption of the Bond as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee and the Servicer, not less than 90 days prior to the date on which 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 such 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, (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:

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

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

(iii) 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 IX of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement, the Regulatory Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the 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;

(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 in any material respect;

(d) except for an Event of Default referred to in subsections (a), (b), (e), (f), (h), (i), (j), (k), (l), (m), (p), (q), (s) or (w) of this Section 7.01, any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, for a period of 15 days after the occurrence of such failure; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 15 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 15 day period and is diligently pursued to completion thereafter provided, however, that such breach or failure must be corrected within a maximum 60-day period (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 any of the Loan Documents, the General Partner Documents or the Guarantor Documents other than the Regulatory Agreement) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document;

(f) upon 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) upon any change in the legal or beneficial ownership of the Borrower or the General Partner other than as expressly permitted by the terms hereof or by reason of the death of the owner of such interests;

(i) the General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e) within a period of thirty (30) days following such cessation;

(j) any failure by the Borrower to pay at maturity, or within any applicable period of grace, any amount payable under the Note, 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 the Note, 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;

(k) 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;

(l) 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;

(m) 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;

(n) [reserved];

(o) 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;

(p) 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;

(q) 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;

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

(s) any cessation at any time in rehabilitation 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 rehabilitation 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;

(t) any of the Indenture, this Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner (except for any "automatic" amendments required by the Regulatory Agreement to preserve the exclusion of interest on the Bond from gross income for federal income tax purposes) without the prior written consent of the Servicer;

(u) 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 to the extent required by the Partnership Agreement;

(v) [reserved];

(w) prior to the Conversion Date, the unpaid principal amount of the Loan exceeds 95% of the outstanding Letter of Credit amount;

(x) following the Conversion Date, the Loan-to-Value Ratio exceeds 80%; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein, the sole remedy to an Event of Default set forth in this Section 7.01(x) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f);

(y) following the Conversion Date, and prior to the termination of the Rent Transition Plan, the Debt Service Coverage Ratio (using the Rent Transition Plan DSCR Calculation) falls below a 1.15 to 1.0 ratio; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein the sole remedy to an Event of Default set forth in this Section 7.01(y) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(f);

(z) following the termination of the Rent Transition Plan, the Debt Service Coverage Ratio falls below a 1.15 to 1.0 ratio; provided, however, that absent an additional Event of Default set forth in Sections 7.01(a) through 7.01(u) herein, the sole remedy to an Event of Default set forth in this Section 7.01(z) shall be the establishment of a Cash Collateral Account for Excess Cash Flow, as set forth in Section 5.15(e); or

(aa) failure of the Borrower to implement the Rent Transition Plan, as approved by the Trustee and the Servicer.

Notwithstanding the above, any of the above defaults resulting from the status of an Obligor (other than the Borrower) shall be cured upon succession of a substitute Obligor acceptable to the Servicer and Majority Owner within 60 days of the Borrower's receipt of such approvals.

## **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: (A) 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 (B) the Trustee, direct the mandatory redemption of the Bond in whole;

(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, rehabilitated and equipped in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee, or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the

provisions of the Indenture. No action taken pursuant to this Section 7.02 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 Issuer, the Trustee, and the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, and 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 and Notice to Investor Limited Partner.** The Issuer, 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. The Issuer, Trustee and Servicer shall deliver to the Investor Limited Partner any notice of an Event of Default hereunder at the same time as such notice is delivered to the Borrower.

**Section 7.08. Issuer Exercise of Remedies.** Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the

Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bond or the Loan to be due and neither the Issuer nor the Trustee shall take any action in respect of Reserved Rights (i) 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, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

## **ARTICLE VIII**

### **MISCELLANEOUS**

**Section 8.01. General Provisions.** The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

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

(b) The Bond is not an obligation, either general or special and does not constitute a pledge of the general credit or taxing power of the Issuer, the State or any other political subdivision thereof, but is payable solely from the revenues and property pledged therefor in the Indenture, and neither the Issuer, the State nor any other political subdivision thereof shall be liable thereon, and recourse on the Bond and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of or interest on the Bond, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any member, officer, employee or other elected or appointed official, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer 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 Issuer or any such incorporation, member, officer, director, employee, any other elected or appointed official or trustee as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bond and the delivery of other documents in connection herewith. No member, officer, employee or other elected or appointed official past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bond or any other

documents in connection herewith, nor shall the issuance of the Bond be considered as misfeasance or malfeasance in office.

**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 the Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee, and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Borrower Representative.

**Section 8.03. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights 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 Majority 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 Majority 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 Majority 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 Issuer, the Trustee or the Borrower except in compliance with Article IX 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 internal laws of the State, without reference to conflicts of laws principles.

**Section 8.09. Debtor-Creditor Relationship.** It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the 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 permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay interest on the Bond, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and noncompounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve 30-day months. Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

**Section 8.11. Term of This Loan Agreement.** This Loan Agreement shall be in full force and effect from its date to and including such date as the Bond issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer 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. Nonrecourse.** Anything contained in any provision of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate or the Note notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Note, this Loan Agreement, the Mortgage or the Regulatory Agreement after the Conversion Date, neither the Issuer, nor the Trustee or other holder of the



Note (collectively, the “Noteholder”), nor any Majority Owner of the Bond, nor any beneficiary of the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Note shall, following the Conversion Date, be limited to the assets of the Borrower that are the security from time to time provided with respect to the Note and this Loan Agreement; provided, however, nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate, the Note, or any other instrument now or hereafter securing the Note or this Loan Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and assigns, under this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Agreement or the Note or any other instruments. Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Bondholder or any beneficiary of or the trustee under the Mortgage as a result of the Borrower’s: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Bond Documents, whether before or after an Event of Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the partners of the Borrower or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the General Partner Documents, the Guarantor Documents or any other guaranty given in favor of the Issuer, the Trustee, or the Servicer.

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

ISSUER:

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES  
Michael N. Feuer, City Attorney

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

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, a  
national banking association, as Trustee

By \_\_\_\_\_

Name: Julia Hommel

Title: Vice President

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

BORROWER:

**NORMANDIE SENIOR HOUSING  
PRESERVATION, L.P.**, a California limited  
partnership

By Normandie Non-Profit Housing, Inc., a  
California nonprofit public benefit  
corporation, its General Partner

By: \_\_\_\_\_  
Name: Herbert Marshall  
Title: Chairman of the Board

## SCHEDULE 1

### INTEREST RATE CAP CONTRACTS

1. **Interest Rate Cap Documentation.** Within the timeframes required by the Bank and Interest Rate Cap Counterparty, Borrower shall deliver to Interest Rate Cap Counterparty the following documents and other items, executed and acknowledged as appropriate, all in form and substance satisfactory to Bank and Interest Rate Cap Counterparty: (a) Master Agreement in the form published by the International Swaps and Derivatives Association, Inc. and related schedule in the form agreed upon between Borrower (or its Affiliate) and Interest Rate Cap Counterparty; (b) a confirmation under the foregoing, if applicable; (c) the Guaranty; (d) if Borrower (or its Affiliate) is anything other than a natural person, evidence of due authorization to enter into transactions under the foregoing Interest Rate Cap Contract with Interest Rate Cap Counterparty, together with evidence of due authorization and execution of any Interest Rate Cap Contract; and such other title endorsements, documents, instruments and agreements as Bank and Interest Rate Cap Counterparty may require to evidence satisfaction of the conditions set forth in this Section including an Interest Rate Cap endorsement to Boston Private Bank & Trust Company's title insurance policy in form and substance satisfactory to Boston Private Bank & Trust Company.

2. **Conveyance and Security Interest.** To secure Borrower's obligations, Borrower hereby transfers, assigns and transfers to Bank, and grants to Bank a security interest in, all of Borrower's right, title and interest, but not its obligations, duties or liabilities for any breach, in, under and to the Interest Rate Cap Contract, any and all amounts received by Borrower in connection therewith or to which Borrower is entitled thereunder, and all proceeds of the foregoing. All amounts payable to Borrower under the Interest Rate Cap Contract shall be paid to Bank and shall be applied to pay interest or other amounts under the Loan.

3. **Cross-Default.** It shall be an Event of Default under this Agreement if any Event of Default occurs as defined under any Interest Rate Cap Contract as to which Borrower (or its Affiliate) is the Defaulting Party, or if any Termination Event occurs under any Interest Rate Cap Contract as to which Borrower (or its Affiliate) is an Affected Party. As used in this Section, the terms "Defaulting Party," "Termination Event" and "Affected Party" have the meanings ascribed to them in the Interest Rate Cap Contract.

4. **Remedies; Cure Rights.** In addition to any and all other remedies to which Bank and Interest Rate Cap Counterparty are entitled at law or in equity, Interest Rate Cap Counterparty shall have the right, to the extent so provided in any Interest Rate Cap Contract or any Master

Agreement relating thereto, (a) to declare an event of default, termination event or other similar event thereunder and to designate an Early Termination Date as defined under the Master Agreement, and (b) to determine net termination amounts in accordance with the Interest Rate Cap Contract and to setoff amounts between Interest Rate Cap Contracts. Bank shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower (or its Affiliate) such action as Bank may at any time determine to be necessary or advisable to cure any default under any Interest Rate Cap Contract or to protect the rights of Borrower (or its Affiliate) or Interest Rate Cap Counterparty thereunder; provided, however, that before the occurrence of an Event of Default under this Agreement, Bank shall give prior written notice to Borrower before taking any such action. For this purpose, Borrower hereby constitutes Bank its true and lawful attorney-in-fact with full power of substitution, which power of attorney is coupled with an interest and irrevocable, to exercise, at the election of Bank, any and all rights and remedies of Borrower (or its Affiliate) under the Interest Rate Cap Contract, including making any payments thereunder and consummating any transactions contemplated thereby, and to take any action that Bank may deem proper in order to collect, assert or enforce any claim, right or title, in and to the Interest Rate Cap Contract hereby assigned and conveyed, and generally to take any and all such action in relation thereto as Bank shall deem advisable. Bank shall not incur any liability if any action so taken by Bank or on its behalf shall prove to be inadequate or invalid. Borrower expressly understands and agrees that Bank is not hereby assuming any duties or obligations of Borrower (or its Affiliate) to make payments to Interest Rate Cap Counterparty under any Interest Rate Cap Contract or under any other Loan Document. Such payment duties and obligations remain the responsibility of Borrower (or its Affiliate) notwithstanding any language in this Agreement.

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF REAL ESTATE**

#### **PARCEL A:**

LOT 186 OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 51, PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBONS, AND OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR THAT MAY BE PRODUCED FROM SAID LAND, AND ALSO EXCEPTING AND RESERVING TO GRANTORS, THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, THE SOLE AND EXCLUSIVE RIGHT TO DRILL SLANTED WELLS FROM ADJACENT LANDS INTO AND THROUGH, AND TO DEVELOP MINES AND CONSTRUCT TUNNELS, SHAFTS AND OTHER WORKS IN AND THROUGH THE SUBSURFACE OF SAID LAND FOR THE PURPOSE OF RECOVERING SAID MINERALS OR ANY OF THEM FROM SAID LAND OR FROM OTHER PROPERTY, OR BOTH, PROVIDED, HOWEVER, THE GRANTORS SHALL NOT HAVE THE RIGHT TO USE THE SURFACE OF SAID LAND OR THAT PORTION OF THE SUBSURFACE THEREOF LYING ABOVE A DEPTH OF 500 FEET BELOW THE SURFACE, FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL, OR STORAGE OF SAID MINERALS, AS RESERVED BY MARION L. STERN AND HAROLD M. STERN, IN DEED RECORDED JULY 28, 1959 IN BOOK D-550 PAGE 590, OFFICIAL RECORDS.

EXCEPTING ALL OIL, GAS, WATER, AND MINERAL RIGHTS NOW VESTED IN THE CITY OF LOS ANGELES, WITHOUT, HOWEVER, THE RIGHT TO USE THE SURFACE OF THE LAND OR ANY PORTION THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE FOR THE EXTRACTION OF SUCH OIL, GAS, WATER OR MINERALS, EXCEPTED BY THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, IN DEED RECORDED MAY 25, 1973.

#### **PARCEL B:**

LOT 187 AND LOT 188 OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

#### **PARCEL C:**

LOTS 184 AND 185 IN TRACT 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL D:

LOTS 189 AND 190 OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL E:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5834, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 63 PAGE 26 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL F:

LOT 6 OF TRACT NO. 5834, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 63 PAGE 26 OF MAPS, IN THE OFFICE OF

THE COUNTY RECORDER OF SAID COUNTY.

PARCEL G:

LOT 7, OF TRACT NO. 5834, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 63 PAGE 26 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL H:

LOT 183, OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES,

STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL I:

THAT PORTION OF THAT CERTAIN L-SHAPED ALLEY, 15 FEET WIDE, ADJOINING LOTS 184 THROUGH 190, TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY; BOUNDED NORTHERLY BY A LINE PARALLEL WITH AND DISTANT 15 FEET SOUTHERLY MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF SAID LOT 186, AND BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF LOT 7, TRACT NO. 5834, AS PER MAP RECORDED IN BOOK 63 PAGE 26, IN THE OFFICE OF SAID COUNTY RECORDER.



ALSO, THAT CERTAIN ALLEY, 5 FEET WIDE, LYING WITHIN SAID LOT 186, TRACT NO. 5687, AS SAID ALLEY IS DESCRIBED IN DEED RECORDED IN BOOK D5884 PAGE 50, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, BY RESOLUTION TO VACATE NO. 96-1400443, RECORDED JANUARY 9, 1997 AS INSTRUMENT NO. 97-37667, OF OFFICIAL RECORDS.

APN: 6002-033-044 and 6002-033-045

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

\$4,812,500

February 1, 2015

FOR VALUE RECEIVED, **NORMANDIE SENIOR HOUSING PRESERVATION, L.P.**, a California limited partnership (together with its permitted successors and assigns, “Borrower”), having an address of [\_\_\_\_\_], promises to pay to the order of **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California or its successors or assigns (the “Holder”), at its office at Los Angeles Housing and Community Investment Department, 1200 West 7th Street, 8<sup>th</sup> Floor, Los Angeles, California 90017 or at such other place as may be designated in writing by the Holder, in legal tender of the United States, the principal sum of \$4,812,500 as provided herein, together with interest thereon at the rate, at the times and in the amounts provided below.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Trust Indenture (as the same may be modified, amended or supplemented from time to time, the “Indenture”) dated as of even date herewith between City of Los Angeles (the “Issuer”), and 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. Principal shall be payable on this Note at the times and in the amounts as needed to pay the principal of the Loan and the Bond as due under the Loan Agreement and Indenture.

Borrower shall pay to the Trustee for deposit into the Revenue Fund, on the first day of each month, commencing with the first day of the month following the Closing Date, for the period commencing upon the Closing Date (i) an amount equal to the sum of the 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). 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 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. The obligations of the Borrower under this Note shall be nonrecourse as provided in Section 8.12 of 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. Borrower shall not be obligated or required to pay, nor shall the Holder per permitted to charge or collect, interest at a rate in excess of 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 such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

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

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

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

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

Borrower shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements 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.

[Signature page follows]

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

BORROWER:

NORMANDIE SENIOR HOUSING  
PRESERVATION, L.P., a California limited  
partnership

By Normandie Non-Profit Housing, Inc., a  
California nonprofit public benefit  
corporation, its General Partner

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

Name: Herbert Marshall

Title: Chairman of the Board

**EXHIBIT C**

**PROJECT APPROVALS TO BE OBTAINED**

[TO BE INSERTED]

## EXHIBIT D

### FORM OF APPROVED RESIDENTIAL LEASE

This residential lease is made this \_\_\_ day of \_\_\_, 2015 between Normandie Senior Housing Preservation, L.P (hereinafter referred to as "we" or "us" and \_\_\_ as Resident (hereinafter referred to as you). We lease to you and your rent from us the premise, described as follows:

A \_\_\_ bedroom dwelling unit, unit number \_\_\_ or residence address  
of Normandie Senior Apartments  
located at .  
(number) (street) (city or county) (state)

together with fixtures, accessories, and the following appliances and furniture: stove and refrigerator, garbage disposal, blinds.

This lease is subject to the following terms, conditions, covenants and agreements:

1. Regulations: This lease and your occupancy of the premises are governed by the State of California Tax Credit Allocation Committee Regulatory Agreement. If any terms of this lease are inconsistent or in conflict with the Regulations, the Regulations shall control. A copy of the Regulation is available for inspection by you during normal business hours at our office.

2. Terms: This lease will begin on \_\_\_ and will end on \_\_\_, or until terminated by either you or us as provided in this lease.

3. Rent:

A. The initial rent for the premises is \$\_\_\_ per month to be paid by or on behalf of you to us at the following address: . Rent shall be paid in advance on or before the first day of each month and is late on the sixth day. If rent is not paid by the fifth day, you will be charged a late rent charge of \$10.00. If you are late more than

three times, the late rent charge may be increased to \$25.00. The rent amount shown above includes deduction for the utility allowance for the premises as established by the program.

B. We will adjust the initial rent described above as allowed by Regulations annually, except that the first year adjustment may occur within less than 12 months to coincide with the project fiscal year. The regulations allow for an annual rent increase. We will provide you with 30 days' written notice prior to the effective date of any rent adjustment.

#### 4. Income Certification and Re-certification.

Your eligibility to occupy this unit is based on information that you have provided to us regarding your household income and assets. Each year, you agree to provide updated information on a form we provide you. You agree that all such information regarding household income and assets provided to us is true, complete, and correct to the best of your knowledge. You further agree that failure to provide such information or providing false or misleading information, may result in the termination of your occupancy and eviction from the premises. You agree that all information supplied by you shall be subject to inspection by representatives for the Program.

In the event the re-certification demonstrates that such household's income exceeds the upper limit of the income band in which such household would qualify as Qualifying Tenants, such household will no longer qualify as a Qualifying Tenant for that band and we will rent the next available unit to one or more Qualifying Tenant in the income band required to achieve compliance with the Regulatory Agreement. No tenant in the Development shall be denied continued occupancy in the Development because, after occupancy, such tenant's adjusted Income increases such that the Adjusted Income for such household will no longer qualify such household as Qualifying Tenant; provided, however, if a Qualifying Tenant's Adjusted Income exceeds 140% of the Median Income, such Qualifying Tenant will be required to move.

5. Security Deposit. You will pay to us in advance of occupying the unit, a security deposit in the amount of \_\$ \_\_, which shall not exceed the rent for two months. We may apply the deposit after you vacate the premises to repair any loss or damage caused by you or your guests to the premises or the development other than normal wear and tear. We also may apply the deposit payment of rent due and owing from you. Within fourteen days after you vacate the premises, we will repay the security deposit, less any amounts deducted, to you within fourteen days after you vacate the premises, we will repay the security deposit, less any amounts deducted, to you at your forwarding address or such other address as you may designate. At the



same time, we will provide you with a written itemized statement describing the reason for and the cost of any deductions from the deposit.

6. Utilities. You will pay for telephone service and the following utilities, including all fees, deposits, and charges therefore.

Gas, Electric,

Telephone and Cable

We will pay all other utility bills.

7. Use.

A. You shall use the premise as, and only as, your primary place of residence. You shall not cause or permit any illegal activity or use on the premises. The premises shall be occupied only by members of your household consisting of 2 adults (anyone over 18 years of age) and      children (anyone under 18 years of age) with the following names. You must inform us in writing and receive written approval from us prior to allowing another person to reside in the unit. You agree and understand that at no time shall the unit be occupied by more than two (2) people per bedroom and that only children of the same sex shall occupy the same bedroom. Upon determination that your family size exceeds the guidelines, you will no longer qualify for tenancy. However, you will be given priority if a larger, income-qualifying unit becomes available in the building. If no unit is available to accommodate your family size, you will be given written notice and your tenancy shall terminate six months from the date of the over family size notification. If a unit becomes available during the six month period, you will be transferred to a unit to accommodate your family size and your tenancy will not be terminated.

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B. The program Regulations set forth minimum and maximum household sizes. If as a results a change in the number of persons in your household, your household size decreases to below the minimum or increases to above the maximum allowed under the program Regulations for your unit size, we may, with at least 60 days prior written notice, require that you move to an available unit of the appropriate size. You must then execute a new lease prior to occupancy of the new unit. You agree and understand that at no time shall the unit be occupied by more than two (2) people per bedroom and that only children of the same sex shall occupy the same bedroom. Upon determination that your family size exceeds the guidelines, you will no longer qualify for tenancy. However, you will be given priority if a larger, income-qualifying unit

becomes available in the building. If no unit is available to accommodate your family size, you will be given written notice and your tenancy shall terminate six months from the date of the over family size notification. If a unit becomes available during the six months period, you will be transferred to a unit to accommodate your family size and your tenancy will not be terminated.

8. Maintenance. You shall keep the premises and all fixtures, accessories, and appliances in a clean, sanitary, and safe condition. If you or your guests cause or permit damage to the premises, you shall be liable for the cost to repair the damage. Where damage or disrepair is not the responsibility of you or your guests, we will repair and maintain the premises, fixtures, accessories, and appliances in accordance with applicable state and local laws concerning the condition of premises and common areas.

9. Remodeling and Alterations. You shall not undertake any remodeling, redecoration, or alteration, including painting and wallpapering, to the premises without receiving our written permission.

10. Rules. You shall comply with written rules we issue regarding use of the premises and common areas. We will provide a copy of the rules to you. Any amendment to the rules shall be in writing and effective 30 days after the notice thereof to you. You shall not cause or permit on the premises or in common areas, excessive noise or any other activity which disturbs the peace and quiet of other residents or neighbors. You shall not cause or permit any activity constituting a nuisance on or about the premises or which adversely affects the health or safety of any person, nor shall you interfere with the management of the premises. By initialing as provided, you acknowledge receipt of a copy of such rules, a copy of which is attached to, and made a part of this lease.

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(Initials)

11. Sublease or Assignment. You shall not sublease or assign this lease or any portion thereof. If you attempt to sublease or assign this lease, this lease shall be null and void and no right to occupy the premises shall arise from any attempted sublease or assignment.

12. Entry and Inspection. We or our agent may enter and inspect the premises after giving reasonable notice to you for:

- A. making necessary or agreed-upon repairs;
- B. inspecting for compliance with the terms of this lease;
- C. showing the premises to prospective lenders, purchasers, residents, contractors, repair workers, or representatives from the Program;
- D. performing contracted pest control services;

- E. conducting annual and any other inspections.

Twenty-four hours or more shall be considered reasonable notice for the purpose of entry and inspection. In addition, we or our agent may enter the premises without notice if necessary in an emergency such as fire or flooding.

13. Joint Responsibility. You must be 18 years of age or older or a minor not under the care of a parent or guardian to sign this lease. You acknowledge that this lease is between us and each person executing this lease jointly and individually. In the event of default by any one, each and every remaining person who executed the lease shall be responsible for payment of the total rent stated in Section 3. or amended by Section 4. and all other provisions of the lease.

14. Hold Harmless and Waiver. We do not provide insurance for your personal property. You agree to indemnify and hold us harmless and in no way accountable for any liability for personal injury or property damage caused or permitted by you or any other person on the premises with your consent except as may be caused by our negligence.

- 15. Possession.

If we are unable to deliver possession of the premises at the time this lease begins, we shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but you shall not be liable for rent until possession is delivered. You may terminate this lease by written notice to us if possession is not delivered within three days of the beginning of the term of this lease.

- 16. Your Obligations. You agree to:

- A. Comply with all obligations imposed upon you by applicable provisions of state and local building codes materially affecting health and safety.

- B. Keep the premises and such other areas as may be assigned for your exclusive use in a decent, clean, sanitary, and safe condition, and the inside of premises maintained according to acceptable housekeeping standards.

- C. Dispose of all garbage, rubbish, and other waste from the premises in a sanitary and safe manner.

- D. Use only in a reasonable manner, and in a manner designed to conserve gas and electricity, all electrical, plumbing, sanitary, heating ventilating, air conditioning, and other facilities and appliances.

- E. Promptly notify us of the need for repairs to the premises and known unsafe conditions in the common areas and grounds of the project which may lead to damage or injury.

- F. Refrain from, and cause your household and guests to refrain from destroying, defacing or removing any part of the premises or project, including placing contract paper, decals, or paint on the premises.

G. Pay for the repairs or damages to the premises project building, facilities, or common areas that you or your household or guests intentionally or negligently cause, normal wear and tear expected.

H. Conduct and cause other persons who are on the premises with your consent to conduct themselves in a manner which will not disturb neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the project in a decent, safe, and sanitary condition.

I. Refrain from illegal or other activity, which impairs the physical or social environment of the premises.

J. Park, and cause guests to park, only in assigned parking areas, and not park in common driveways or lawn areas, and not block access to other residents' or emergency vehicles and exits.

K. Comply with the written rules described in Section 10 above.

L. You are required to attend all legal meetings with Management regarding probable breach of the Lease and/or House Rules. Twenty-four (24) hours written notice shall be considered reasonable notice for purposes of discussing any just cause for termination of your Lease either by you or us as provided in this Lease.

17. Our Obligations. We agree to:

A. Comply with the requirements of applicable state and local building and housing codes and regulations materially health and safety.

B. Within a reasonable time, make or require necessary repairs to the premises to keep them in a habitable condition.

C. Keep project building, facilities, and common areas, not otherwise assigned to you for maintenance and upkeep, in a clean safe condition.

D. Maintain in good and safe working order and condition electrical, plumbing, sanitary, heating, ventilating, and other facilities and appliances supplied or required to be supplied by us.

18. Termination and Eviction.

A. You may terminate tenancy in the premises by giving 30 days' written notice to us. If you do not give the full 30 days' notice, you shall be liable for rent up the end of the 30 day for which notice was required or to the date the unit is re-rented, whichever comes first. You agree to vacate the premises no later than the expiration date of such notice, remove all your personal property, and leave the premises clean and in good repair.

B. We may terminate this lease and if necessary evict you if:

(1) You fail to move out of the premises on or before the effective date of termination given in the notice required in subsection B. above.

(2) You materially breach the terms of this lease. A material breach means:

a. nonpayment of rent or any other financial obligation under the lease after expiration of a 10-day pay or quit notice. In the event of a returned check or any other instance where rent or other financial obligations under the lease are not properly tendered prior to the 15th day of the month, a 3-day pay or quit notice will be issued and eviction procedures will proceed at the expiration of that notice, or

b. four or more late rent payments within any 12 month period received after the fifth day of the month, or

c. failure to reimburse us within 30 days or other reasonable time agreed upon by you and us for repair required to maintain the premises (Section 8. of this lease), or

d. a breach resulting in damages to the premises or any other portion of the project, or

e. a breach which adversely affects the health, safety, or quiet enjoyment of any resident or visitor to the premises, or

f. a breach which interferes with our responsibilities.

(3) You fail or refuse to provide the income information upon "income certification" required by Section 4. of the lease or intentionally provide false or incomplete information.

(4) You fail to fulfill the obligations of this lease.

C. Any notice of termination or eviction shall contain a statement of the facts constituting the cause for the termination or eviction and a statement of your right under the grievance and appeal procedure described below.

D. If suit is brought by either party hereto to enforce any of the terms of this Lease, the successful party shall be entitled to recover all of its costs including, but not limited to, attorneys' fees actually paid, or to be paid, by the successful party.

19. Grievance and Appeal Procedure. We have adopted a procedure in accordance with Program Regulations for the resolution of disputes arising out of this lease or your occupancy of the premises. The procedure establishes your right to a hearing on grievances related to your occupancy and appeal of any of our decisions regarding your occupancy, including notices of termination and eviction. By initialing as provided, you acknowledge receipt of such procedure upon occupancy.

(Initial)

20. Waiver. Our failure to insist upon the strict performance of the terms, covenants, agreements, and conditions contained herein, or any of them, shall not constitute or be construed as a waiver or relinquishment of our right thereafter to enforce any such term, covenant, agreement, or condition, but the same shall continue in full force and effect.

21. Additional Lease Provisions. Additional provisions are incorporated and attached to this lease as Exhibit(s) A1 \_\_\_\_\_.

22. Acknowledgment. As consideration for your continued fulfillment of the terms and conditions of this lease, we agree that you may, during the effective period of this lease, have and enjoy the use of the premises described above.

Management:

Co-Resident

NAME

By

Date:

NAME

Owner's Representative

Co-Resident

TITLE

NAME

## **EXHIBIT E**

### **SCHEDULE OF INSURANCE REQUIREMENTS**

#### **1. General Requirements**

In order to close, the following insurance specifications must be met and approved in writing by the Bank. 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 preclosing 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. All documents and other materials relating to insurance for this Loan should be mailed, delivered or directed to:

Boston Private Bank & Trust Company  
Post Office Box 4020  
Napa, CA 94558  
Attn: Insurance Department

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 preclosing. 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 nonpayment 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. 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, noncontributory, mortgagee clause:

Boston Private Bank & Trust Company, individually  
Suite 100  
16000 Ventura Boulevard  
Encino, CA 94136  
Attention: Sylvia Bettencourt

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:

- ***Hazard/Fire Insurance.*** Hazard / Fire insurance must contain a Guaranteed Replacement Cost Clause, with total insurance in an amount at least equal to the greater of (a) the amount of the first mortgage or (b) 100% of the replacement cost of the Improvements upon the Land, as determined by the insurance provider. Boston Private Bank & Trust Company must be included in the policy as a notice recipient in the event of any cancellation of the policy.
- ***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.

- ***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 nonrecurring expenses) for a 12-month period.
- ***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; and (b) the insurance provided for in Paragraph 1 hereof written in a so-called builder’s risk completed value form (1) on a nonreporting basis, (2) against all risks insured against pursuant to said Paragraph 1 hereof, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions.
- ***[Reserved].***
- ***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) in an amount not less than \$2,000,000 per occurrence, and \$5,000,000 in the annual aggregate. 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.

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

- ***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 BR's	# of BA's	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 BR's	# of BA's	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

## **EXHIBIT G**

### **FORM OF RENT TRANSITION PLAN**

#### **Tenant Relocation Preparation and Guidance**

In preparation for the extensive rehabilitation that will require temporary relocation within the building, the relocation consultant and property manager will conduct group meetings to notify the tenants of the plans for each of the properties, the plan to increase rents over the next three to four years after the rehabilitation is complete and plans for assisting tenants in accessing human and social service opportunities as this process unfolds. Tenants will be advised that rent transition financial resources will be made available to qualifying tenants and that all tenants will receive assistance with resource contacts on the state and city level in individual meetings with the property manager, relocation consultant and potentially others. In addition to these group meetings, tenants will also have an extensive one-on-one consultation with the property manager and relocation consultant to review their rent increases over the next three to four years and given contact information and assistance with city and state resources, such as housing assistance providers, job training advisers and providers and other assistance that might be helpful in the transition to the higher rent levels. In addition to these meetings all tenants will receive written notices, as required by the Uniform Relocation Act, of the overall renovation plans and notice of the plans for their relocation.

Although specific dates are to be determined, meetings will be prior to the beginning of construction. At those meetings tenants will receive a comprehensive overview of construction period, relocation timeframe, renovation plans, rent increases and potential city and state resources, such as housing assistance providers, job training advisers and providers and other assistance that might be helpful in the transition to the higher rent levels. It is anticipated that one group meeting will be required to provide an overview of the overall rent increases, while individual tenant/household meetings will be scheduled following the group meetings to go over each individual case.

At the group meetings, tenants will be provided written information on the overall work schedule as well as the scope of work. Information will be distributed outlining the work schedule which is established around the renovation of five units per week. Moves will be scheduled for weekends only, preventing tenants from any loss of time from their work-week. During Sunday move-outs or Saturday Move-ins, sponsor representatives will be available on site for purposes of seamless coordination and communication with tenants. Prior to tenant relocation, five vacant units to be renovated as models and will subsequently be used to house tenants while their units are being renovated. These units will also reflect the extent of the scope of work which includes; replacement of flooring with new flooring and carpet throughout, new window treatments, resurfaced balconies, new granite counter tops, new wood cabinetry, replacement of appliances and casework, replace of toilets and sinks, new GFI receptacles, new energy saving light fixtures, the painting of interior and exterior surfaces, new a/c and

replacement of diffuser grills, new CO monitors, new bathroom exhaust fan, complete elevator refurbishment and new flooring throughout the common areas (the more extensive rehabilitation will occur in Roberta Stephens, Central Avenue and One Wilkins Place).

Tenants will be provided a daily schedule, showing rehabilitation work to be completed during regular daytime work hours (8am to 5pm) Monday thru Friday, with certification that holidays will be honored and no tenants will be out of their original unit during any major holiday. Prior to turnover, each model unit will be cleaned and sanitized after each tenant moves back into their unit. Upon the completion of a unit's renovation, the sponsor representative, relocation consultant, property manager and contractor will inspect all units for life and safety purposes prior to occupancy by tenants.

At the initial group meeting, the relocation consultant and property manager will outline the anticipated rent increases and their effective dates, highlighting the need to schedule individual meetings in order to fully detail rent increases. The property manager will also provide examples of the 90-day, 60-day and 30-day Rent Increase Notices to be distributed on the appropriate dates. These notices will provide clarification and reminders of the effective date and the amount of the rent increase. The relocation consultant and property manager will outline how rents have remained very low for many years and that it is impossible to maintain the property under the current terms. Rents must increase in order to continue to provide decent, safe, and habitable housing. A list of comparable market rate units will also be distributed, providing tenants a detailed comparison of rents. The property manager and relocation consultant will introduce the human services contacts that are available to tenants and that will be described in more detail in individual meetings with tenants.

Following the group meeting, tenants will schedule individual/household meetings with the relocation consultant and property manager. A sign-up sheet will be provided immediately and kept onsite for scheduling purposes. If a tenant does not sign up, or is incapable of making any times listed, the relocation consultant and property manager will address and schedule accordingly. At tenant meetings, personal questions will be answered and schedules will be introduced and gone over in detail. They will be given information on the unit they are moving into during renovations, as well as Saturday move out time and Sunday move-in time. The relocation consultant will convey that tenants are required to follow the relocation schedule (as distributed in the meeting) by packing their belongings as instructed and on time, with boxes and packing materials provided by the relocation consultant, at no cost to the tenant. The complete scope of work will also be presented, with examples of new appliances, cabinetry, flooring and fixtures. Perhaps most important, the incremental rent increases and the Rent Subsidy Fund will be thoroughly explained. Tenants will be supplied a spreadsheet, outlining their current rent, the amount subsidized by the Fund, and schedule of rent increases. The Notices of Rent Increases will be reintroduced, filled out and explained. These notices will not be distributed until appropriate dates related to the implementation of this plan. Tenants will be shown that no economic displacement will occur, because rent increases will be limited to five percent (5%) or less for all those tenants whose rents currently or eventually will exceed thirty percent (30%) of their household income. For those tenants most affected by the rent increases, City and state resources will be engaged to find other sources of funds to help pay the higher rents.

Each individual meeting will be scheduled in order to give ample time for questions and clarification on any issues. Contact information of all members of the meeting will be distributed, and if necessary further meetings will be scheduled to clear up any outstanding trepidations.

KUTAK ROCK LLP

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

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

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**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**CITY OF LOS ANGELES,**  
as Issuer,

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

and

**ONE WILKINS PLACE PRESERVATION, L.P.,**  
as Borrower

relating to

\$3.025,000  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(One Wilkins Place Apartments)  
Series 2014F

Dated as of January 1, 2015

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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 January 1, 2015 by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the “Issuer” or the “City”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Trust Indenture dated as of January 1, 2015 (the “Indenture”) by and between the Issuer and the Trustee, with an office in Los Angeles, California, and **ONE WILKINS PLACE PRESERVATION, L.P.**, a California limited partnership (the “Borrower”).

### **WITNESSETH:**

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

WHEREAS, on September 9, 2013, the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, rehabilitation, construction and equipping of One Wilkins Place Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 1071 East 48<sup>th</sup> Street, Los Angeles, California, on the site more particularly described in Exhibit A hereto (the “Project”) and the Issuer’s City Council subsequently adopted a resolution (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer has issued: \$3.025,000 maximum principal amount of its Multifamily Housing Revenue Bond (One Wilkins Place Apartments) Series 2014F (the “Bond”) the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to finance the acquisition, rehabilitation, construction and equipping of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and the income tax regulations (the “Regulations”) and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the Issuer’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, 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, construction and equipping of the Project and in order to ensure that

the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the Issuer;

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 Issuer, 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. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

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

“*Adjusted Income*” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

“*Affiliated Party*” means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

“*Agreement*” or “*Regulatory Agreement*” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

“*Area*” means the Los Angeles Primary Metropolitan Statistical Area.

“*Authorized Borrower Representative*” means any person who, at any time and from time to time, may be designated as the Borrower’s authorized representative by written certificate furnished to the Issuer 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 Issuer) a written certificate identifying a different person or persons to act in such capacity.

“*Bond*” means the Issuer’s Multifamily Housing Revenue Bond (One Wilkins Place Apartments) Series 2014F, authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, Issuer, Trustee or Bondholder in connection with the Bond.

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

“*Borrower*” means One Wilkins Place Preservation, L.P., a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning set forth in Section 7(d) hereof.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the Issuer 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 Issuer.

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Date*” means the date of the completion of the acquisition, rehabilitation, construction and equipping of the Project, as that date shall be specified in the Rehabilitation Completion Certificate.

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

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the opinion of Bond Counsel, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the

Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which 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) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

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

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

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

“*Income Certification*” means, initially, a Verification of Income in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the Issuer to the Borrower and, with respect to recertifications, the Income Certification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the Issuer to the Borrower.

“*Indenture*” means the Trust Indenture dated as of January 1, 2015 by and between the Issuer and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

*“Inducement Date”* means September 9, 2013.

*“Investor Limited Partner”* means WNC Institutional Tax Credit Fund X California Series 12, L.P., a California limited partnership, its successors and assigns.

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

*“Loan”* means the loan of the sale proceeds of the Bond by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, rehabilitation, construction and equipping of the Project.

*“Loan Agreement”* means the Loan Agreement, dated as of January 1, 2015, among the Issuer, the Trustee and the Borrower, as amended or supplemented from time to time.

*“Low Income Tenant”* means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower-income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

*“Low Income Units”* means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

*“Net Proceeds”* means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

*“Project”* means the Project Facilities and the Project Site.

*“Project Costs”* means, to the extent authorized by the Code, the Regulations, the Law and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, construction 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, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction or rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made for the Project).

*"Project Facilities"* means the buildings, structures and other improvements on the Project Site to be acquired, rehabilitated, constructed 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 1071 East 48<sup>th</sup> Street, in the City of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

*"Qualified Project Costs"* means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the rehabilitation 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 rehabilitated or constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in rehabilitating or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the

seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations.

“*Qualified Project Period*” means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Qualified Rehabilitation Expenditures*” means any amount properly chargeable to the Project’s capital account which is incurred no earlier than 60 days prior to the Inducement Date by the person acquiring the building or property (or additions or improvements to property) or by the seller of the property under a sales contract between the Borrower and the seller of the Project to the Borrower in connection with the rehabilitation of a building. In the case of an integrated operation contained in a building before its acquisition, such term includes rehabilitating existing equipment in such building or replacing it with equipment having substantially the same function. “Qualified Rehabilitation Expenditures” do not include any amount which is incurred after the date two years after the later of the date on which the building was acquired by the Borrower or the date on which the Bond was issued. “Qualified Rehabilitation Expenditures” do not include any expenditure described in Section 47(c)(2)(B) of the Code. All amounts constituting Qualified Rehabilitation Expenditures must be depreciated on a straight line basis over 27.5 years (unless otherwise provided in the Code).

“*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.

“*Rehabilitation Completion Certificate*” means a written certification signed by an Authorized Representative of the Borrower confirming that prior to the date which is 24 months after the Closing Date, stating that the Borrower has incurred Qualified Rehabilitation Expenditures with respect to the Project in an amount equal to or greater than 15% of the portion of the cost of acquiring the Project (exclusive of any acquisition costs attributable to land) financed with the Net Proceeds of the Bond.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such

interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means U.S. Bank National Association in its capacity as Trustee under the Indenture, together with its successors and assigns.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 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.

**Section 2. Acquisition, Rehabilitation and Equipping of the Project.** The Borrower hereby represents as of the date hereof, covenants and agrees with the Issuer and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition and rehabilitation of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, rehabilitation and construction of the Project are accurately set forth in the Borrower Cost Certificate (the “Borrower Cost Certificate”) submitted to the Issuer on the Closing Date.

(c) The Borrower has acquired the Project Site, and will, within six months following the Bond Closing Date, commence the rehabilitation 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 rehabilitation of the Project and to expend the full



amount of the proceeds of the Loan for Project Costs prior to the date which is 18 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs as set forth in the Borrower Cost Certificate and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Bond expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) On the Completion Date of the Project, the Borrower will submit to the Issuer and the Trustee a duly executed and completed Rehabilitation Completion Certificate as provided in Section 2(i) hereof.

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than 60 days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, rehabilitation, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any "related person" (as such phrase is defined in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, rehabilitation, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any related person in connection with the rehabilitation or construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower has or shall, prior to the date which is 24 months (unless extended pursuant to subsection "(j)" below) after the Closing Date, expend proceeds of the Bond equal to not less than 15% of the amount of Bond proceeds expended to acquire the Project (exclusive of any acquisition costs attributable to land) on Qualified Rehabilitation Expenditures which expenditures shall be confirmed in writing through a Rehabilitation Completion Certificate delivered to the Issuer and the Trustee not later

than 25 months (unless extended pursuant to subsection “(j)” below) after the Closing Date.

(h) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Rehabilitation Completion Certificate to the Trustee and the Issuer, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and Qualified Rehabilitation Expenditures and further stating that (i) rehabilitation of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in rehabilitation and construction have been paid for and (ii) all other facilities necessary in connection with the Project have been acquired, rehabilitated, constructed and installed substantially in accordance with the plans, specifications, work write-up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. 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.

(j) The foregoing certificate evidencing the Completion Date shall be delivered to the Trustee no later than the date 24 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the Issuer 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. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (i) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (ii) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such Qualified Project Costs are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the Issuer of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(k) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

**Section 3. Residential Rental Property.** The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. ~~For purposes of this subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.~~

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

(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 will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent

that dwelling units are required to be leased or rented to Low Income Tenants and except as further provided in any regulatory agreement executed between the Borrower and a subordinate lender (including the Issuer) in connection with the Project and except to the extent the Borrower gives preference to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

**Section 4. Low Income Tenants; Records and Reports.** Pursuant to the requirements of the Code and the Issuer, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. - Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied by tenants providing an Income Certification and (ii) the date on which 50% of dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the Issuer

(with a copy to the Los Angeles Housing and Community Investment Department, Occupancy Monitoring Section, 1200 West 7th Street, 9<sup>th</sup> Floor, Los Angeles, CA 90017), the Majority Owner and the Trustee a certificate identifying such dates and the beginning date and earliest ending date of the Qualified Project Period. The Borrower shall use its best efforts to record a copy of such certificates in the Office of the County Recorder of the County of Los Angeles, California.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least 40% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than 40% of the total number of completed units of the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of 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, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and, in the case of tenants residing in the Project as of the date of acquisition thereof (if applicable), dated immediately prior to the disbursement of Bond proceeds to fund acquisition, rehabilitation and construction of 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 Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income

Certification for Low Income Tenants commencing or continuing occupation of a Low Income Unit (and not previously filed with the Issuer) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the Issuer no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter the fifteenth day of each January and July 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 Issuer shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the Issuer.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units, and will with reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower will prepare and submit to the Issuer and the Trustee, no later than the fifteenth day of each month following the receipt by the Trustee of the Rehabilitation Completion Certificate to and including the month in which such report indicates that 40% of the occupied units are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each January and July, 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 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 Issuer a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury, regardless of whether or not the Issuer has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income

Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof.

**Section 5. Tax-exempt Status of the Bond.** The Borrower and the Issuer 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 Issuer will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code.

(b) The Borrower and the Issuer will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the Issuer will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified



Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee's compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Bond in an amount related to the amount of the Loan.

**Section 6. Additional Requirements of the Act.** In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the Issuer hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) As provided in Section 52097.5 of the Act, not less than 40% of the total number of units in the Project shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act, assuming a family of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

(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 Issuer to file any annual report required by the Act or pursuant to California Government Code Section 8855.5.

(d) No portion of the Bond shall be used to finance the acquisition, construction, rehabilitation, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the United States Housing Act of 1937, as amended, that are more burdensome than the criteria applied to all other prospective tenants.

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the



Bond, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds 140% of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the development, or the purposes or special programs of the development;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

**Section 7. Additional Requirements of CDLAC and the Issuer.** 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 CDLAC and the Issuer, 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 Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request. The Borrower shall provide written notice to the Issuer of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and

Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision. The Borrower shall comply with the provisions of Sections 10.8.2 and 10.8.4 of the Administrative Code of the Issuer, the provisions of which are hereby incorporated by reference.

(d) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 14-23, adopted on March 19, 2014 and Exhibit A to CDLAC Resolution No. 14-123 adopted on December 10, 2014 (together, 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 are attached hereto as Exhibit G. Following completion of the rehabilitation of the Project, the Borrower will prepare and submit to the Issuer, on each February 1, until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(d) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and, as applicable, 51.3 of the California Civil Code, as amended, and Sections 45.50 et seq. of the Los Angeles Municipal Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the Issuer; 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 Issuer, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the Issuer (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the Issuer, 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 Issuer to file any periodic report, or any other information concerning the Project as the Issuer may reasonably request.

(j) All workers performing rehabilitation or construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) any applicable minimum wage requirements imposed by the laws of the State of California and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles. The Borrower shall comply with all reporting and recordkeeping requirements of the applicable prevailing wage statutes and regulations. The Issuer shall have the right to appoint a third-party consultant to monitor compliance with this requirement, and the Borrower shall pay the fees and expenses of such consultant. Following any such appointment, the Borrower shall comply with any request by the Issuer to deliver to such consultant, in addition to or instead of the Issuer, 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 consultant as an agent of the Issuer.

(k) The Issuer 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 Issuer to deliver to such administrator, in addition to or instead of the Issuer, 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 Issuer.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant.

(m) There are four points in time when the Borrower is required to give written notice to all tenants of Low Income Units:

(i) Upon initial move-in/lease execution, Borrower shall give written notice to all tenants of Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for a term equal to the later of the expiration of: (A) the Qualified Project Period; or (B) the CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.- The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iii) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iv) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.

(n) The Borrower shall pay to the Issuer its initial and ongoing fees with respect to the issuance of the Bond. The Borrower shall pay the Issuer an initial fee immediately upon issuance of the Bond equal to \$7,562.50 (.25% of the aggregate maximum principal amount of the Bond (\$3,025,000) issuable under the Indenture.- In addition, the Borrower shall, as compensation for the Issuer's monitoring of the provisions of this Regulatory Agreement, pay to the Issuer, semiannually in arrears (on

the first day of each January and July commencing July 1, 2015, for the period from the date of issuance of the Bond through the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, prorated for the initial and any subsequent partial period, a semiannual amount equal to one-half of 0.125% of: (A) during the period from the Dated Date to the Conversion Date, the maximum aggregate principal amount of the Bond issuable under the Indenture (\$3,025,000); and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, with a minimum semiannual amount of \$1,250, 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. Throughout the term of this Agreement, the Trustee, or the Issuer, as applicable, shall provide an invoice to the Borrower at least 30 days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the Issuer) and shall collect such payments from the Borrower and immediately remit such funds to the Issuer. Upon the prepayment of the Bond in whole, prior to the end of the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, the Borrower shall, at its election, either: (A) pay to the Issuer, on or before such payment, an amount equal to the present value of the remaining Issuer fees payable hereunder, as calculated by the Issuer, 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 end of the later of: (1) 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 Issuer on an annual basis, in arrears on each January 1, the accrued 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.

(o) The Borrower shall pay to the Issuer a processing fee equal to the greater of: (i) \$5,000; or (ii) 0.125% of: (A) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, plus any expenses incurred by the Issuer, including, without limitation, bond counsel, city attorney, issuer attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the Issuer with respect to the Project, the Project Site or the Bond. The Issuer shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the Issuer its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the Issuer, together with any expenses incurred by the Issuer in connection therewith.

(q) The Trustee shall report to the Issuer in writing semiannually, within 10 days of each January 1 and July 1, the principal amount of the Bond outstanding as of such January 1 or July 1, as appropriate.

(r) The Borrower shall promptly provide the Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request.

(s) The Borrower shall include the Issuer as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(t) The Borrower shall not rent any Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of: (A) spouses; (B) children; (C) parents and grandparents; (D) siblings; (E) in-laws, including brother/sister in-law and mother/father in-law and son/daughter in law; or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bonds 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 Issuer.

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 Bonds or an Immediate Family Member thereof. The Borrower recognizes and agrees that the penalty for violation of the above covenant shall be a fine of \$5,000 per violation/per Unit.

(u) Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the Issuer as the source of the financing provided for the Project, without the prior written approval of the Issuer (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the Issuer as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

Any of the foregoing requirements of the Issuer (except (d) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing in the Issuer's sole discretion, but (i) no waiver by the Issuer 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 Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same

effect, or to the effect that compliance with such requirement would be in conflict with the Act or the Law.

**Section 8. Modification of Covenants.** The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Law, the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, (with a copy to the Majority Owner) impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Law, the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower (with a copy to the Majority Owner), 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 Issuer, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Law and the Act and will not affect the Tax-exempt status of interest on the Bond. The Issuer 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 Issuer, whether or not required by California or federal law.

(c) The Borrower, the Issuer 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 Issuer 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 Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer, the Trustee shall take no action under this subsection (c) without first notifying the Issuer and without first providing the Issuer 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 Issuer.

**Section 9. Indemnification.** The Borrower shall defend, indemnify and hold harmless the Issuer and the Trustee and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the “Indemnified Parties”) against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable

attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, rehabilitation, 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 Issuer 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 (provided such indemnity shall not include payment of the principal of or interest on the Bond) or (d) the failure or alleged failure of any person or entity (including Borrower, its contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations in connection with the rehabilitation or construction of the improvements or any other work undertaken or in connection with the Project or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not Borrower knew of the same); provided, however, that this provision shall not require the Borrower to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct or, in the case of the Trustee, the negligence of the Indemnified Parties. The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Trustee from (i) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the Issuer or the Trustee shall give prompt notice to the Borrower and the Borrower shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer and the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof against the Borrower. In the event of any audit or inquiry regarding the Bond or the Project from any governmental entity, the Borrower shall, at the election of the Issuer, be responsible for responding to and resolving such audit or inquiry at the expense of the Borrower.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any Indemnified Party otherwise than under this Section 9 or from any liability under this Section 9 unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any Indemnified Party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent



that it may elect by written notice delivered to the Indemnified Party within five Business Days after receiving the aforesaid notice from such Indemnified Party (but shall not be required) to assume, the defense thereof, with counsel reasonably satisfactory to such Indemnified Party; provided, however, if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party shall have reasonably concluded that there are legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the indemnifying party, the Indemnified Party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such Indemnified Party or parties. Upon the indemnifying party's receipt of notice from the Indemnified Party of such Indemnified Party's election so to assume the defense of such action and selection by the Indemnified Party of counsel, the indemnifying party shall not be liable to such Indemnified Party under this Section 9 for any attorneys' fees or expenses subsequently incurred by such Indemnified Party for the engagement of separate counsel in connection with defense thereof unless (i) the Indemnified Party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party or shall not have employed such counsel within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of separate counsel to represent the Indemnified Party at the expense of the indemnifying party. Notwithstanding the foregoing, the Trustee shall not be indemnified for income tax, franchise tax or similar tax liability relating to the Trustee's own income and operations.

**Section 10. Consideration.** The Issuer has issued the Bond to provide funds to finance the acquisition, rehabilitation, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate and construct the Project. In consideration of the issuance of the Bond by the Issuer, 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 Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer 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 Issuer with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

**Section 12. Project in the City.** The Borrower hereby represents and warrants that the Project is located entirely within the City of Los Angeles.

**Section 13. Sale or Transfer of the Project; Equity Interests.** The Borrower hereby covenants and agrees not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by the Borrower of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the Issuer, which consent shall not be unreasonably withheld by the Issuer and shall be given by the Issuer if (a) the Borrower is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the Issuer and is not the subject of any legal or enforcement actions by the Issuer, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the Issuer is presented to establish that the purchaser or assignee is willing to comply and capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the Issuer is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects or (ii) the purchaser or assignee agrees to retain a property management firm which the Issuer determines has the experience and record described in subclause (i) above, or (iii) the Issuer determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the Issuer and the Trustee shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project to a new Borrower, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the Issuer, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Bond, (iv) from the Borrower, a Certificate of Continuing Program Compliance (and a "bring-down" certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the Issuer that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by Issuer, the State of California or federal regulatory agencies; (f) the purchaser or assignee complies with the provisions of the Los Angeles Administrative Code Section 10.8.4 Affirmative Action Program Provisions; (g) the Borrower or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the Issuer may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the Issuer in a separate writing, any sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and

shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, among other parties, may be required in connection with any transfer of the Project.

Notwithstanding the foregoing, if the Trustee or East West acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the Issuer shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee or East West 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 Issuer and delivery of items (a) through (h) above shall be required for any transfer of the Project subsequent to the Trustee's or East West's, as applicable, acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the respective interests of Borrower's limited partners shall, with prior written notice to the Issuer, be transferable under this Regulatory Agreement to any affiliate of the limited partners of Borrower, without the consent of the Issuer and/or Trustee but with prior written notice thereto.

**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 in the case of Section 7(d) hereof at the times set forth in CDLAC Resolutions No. 14- 23 and 14-123), 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 Issuer, 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 Issuer 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 Issuer) 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) 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 Issuer 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 Issuer 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 Issuer 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 Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

**Section 17. Uniformity; Common Plan.** The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

**Section 18. Default; Enforcement.** If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer to the Borrower, then the Issuer shall declare an “Event of Default” to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the Issuer on behalf of the Borrower. The Issuer hereby consents to any correction of a default on the part of the Borrower hereunder made by the Investor Limited Partner 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 the Investor Limited Partner at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the Issuer and subject to the provisions of the Indenture relative to the Trustee’s duty to exercise remedies generally, or the Issuer 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 Issuer or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all 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 Issuer the option, upon either (i) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower’s default under this Regulatory Agreement or (ii) the vacancy of a Low Income Unit for more than six months and the submission by the Issuer to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants and the qualifications of a reasonable landlord, to lease up to 40% of the units in the Project for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units. The option granted in the preceding sentence shall be effective only if the Borrower or the

Trustee has not instituted corrective action before the end of such 60-day period referenced in (i) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (ii) above, to a qualified Low Income Tenant. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the Issuer, of compliance with the requirements of Section 2 through 7 hereof, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Borrower. The Issuer shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the Issuer 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 Issuer, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the Issuer hereunder, provided that prior to taking any such action the Trustee shall give the Issuer written notice of its intended action. All reasonable fees, costs and expenses of the Issuer and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the Issuer 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 Issuer 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 Issuer 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 Issuer, 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 Issuer.

**Section 20. Recording and Filing.** The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Issuer 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 Issuer as grantee.

**Section 21. Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

**Section 22. Amendments.** 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 Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Law or the Act and with the written consent of the Trustee.

The Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the City Attorney of the Issuer), in order that interest on the Bond remain Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and the City Attorney of the Issuer and a request that such Bond Counsel render to the Issuer 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 Issuer: Los Angeles Housing and Community Investment Department  
8th Floor  
1200 West 7th Street  
Los Angeles, CA 90017  
Attention: Supervisor, Affordable Housing Bond Program  
Facsimile: (213) 808-8918

with a copy to: Los Angeles Housing and Community Investment Department  
P.O. Box 532729  
Los Angeles, CA 90053-2729  
Attention: Supervisor, Affordable Housing Bond Program

If to Borrower: One Wilkins Place Preservation, L.P.,  
4707 South Central Avenue  
Los Angeles, CA 90011  
Attention: Noreen McClendon

Facsimile: (323) 846-2500

with a copy to: Hobson, Bernardino & Davis, LLP  
725 South Figueroa Street, Suite 3230  
Los Angeles, CA 90017  
Attention: Jason A. Hobson, Esq.

with a copy to  
Investor Limited  
Partner: WNC Institutional Tax Credit Fund X California Series 12, L.P.  
c/o WNC & Associates, Inc.  
17782 Sky Park Circle  
Irvine, CA 92614-6404  
Attention: Michael J. Gaber

with a copy to: Bryan Cave LLP  
1155 F Street, N.W.  
Washington, DC 20004  
Attention: Diane Greenlee

If to the Trustee: U.S. Bank National Association  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust Services  
Ref: LA MF (One Wilkins 2014F)  
Telephone: (213) 615-6024  
Facsimile: (213) 615-6199

If to the Bondowner  
Representative: Boston Private Bank and Trust Company  
Community Reinvestment Commercial Lender  
1520 Broadway  
Santa Monica, CA 90401  
Attention: Rufus Phillips, Vice President  
[rphillips@bostonprivatebank.com](mailto:rphillips@bostonprivatebank.com)

with a copy to: Buchalter Nemer  
55 2<sup>nd</sup> Street, Suite 1700  
San Francisco, CA 94105  
Attention: Sarah C. Perez, Esq.  
[scperez@buchalter.com](mailto:scperez@buchalter.com)

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above.



Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

**Section 24. Severability.** If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

**Section 25. Multiple Counterparts.** This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

**Section 26. Nondiscrimination and Affirmative Action.** The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. Trustee and the Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Trustee and the Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee and the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower and Trustee shall also comply with all rules, regulations, and policies of the City of Los Angeles' Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower or Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 27. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee and Borrower each represent that it will obtain and hold the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Regulatory Agreement, the Trustee and the Borrower shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 28. Financial Obligations Personal to Borrower.** The Issuer acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the Issuer 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. Notwithstanding the foregoing, neither the Borrower nor its partners shall be personally liable for any indemnification obligation under the Loan Documents which would result in the repayment of principal and interest on the Loan.

**Section 29. Third-party Beneficiaries.** The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer and/or the Trustee or to cause the Issuer or the Trustee to enforce, the provisions of Section 7(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 Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

**Section 30. Child Support Assignment Orders.** This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each of the Borrower and the Trustee certifies that it will (a) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) maintain such compliance throughout the term of this Regulatory

Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower or the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower or the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the Issuer. Any subcontract entered into by the Borrower or the Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower or the Trustee to obtain compliance of its subcontractors shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) the Borrower to the remedies provided herein and (B) the Trustee to termination under the Indenture where such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the Issuer.

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

**Section 31. Americans with Disabilities Act.** The Borrower and the Trustee each hereby certifies that it 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”). The Borrower and the Trustee each 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 subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**Section 32. Slavery Disclosure Ordinance.** This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as it may be amended from time to time. The Borrower hereby agrees to execute and deliver a certificate in the form attached hereto as Exhibit H (or such other form as is required by the Issuer) certifying that it has complied with the applicable provisions of this Ordinance. The Borrower acknowledges that failure to fully and accurately complete the affidavit may result in a default under this Regulatory Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**CITY OF LOS ANGELES**, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

**CITY OF LOS ANGELES**

**MICHAEL N. FEUER**, City Attorney

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

[Signature Page to *One Wilkins* Regulatory Agreement]

**U.S. BANK NATIONAL ASSOCIATION,** as  
Trustee

By \_\_\_\_\_  
Name: Julia Hommel  
Title: Vice President

[Signature Page to *One Wilkins* Regulatory Agreement]

**ONE WILKINS PLACE  
PRESERVATION, L.P.**, a California limited  
partnership

By: Concerned Citizens of South Central Los  
Angeles, a California nonprofit public  
benefit corporation, its General Partner

By:  
Name: Noreen McClendon  
Title: Executive Director

[Signature Page to *One Wilkins* Regulatory Agreement]

## NOTARY ACKNOWLEDGMENT STATEMENT

State of California )

County of )

On \_\_\_\_\_, before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared \_\_\_\_\_

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

[SEAL]



## NOTARY ACKNOWLEDGMENT STATEMENT

State of California )

County of )

On \_\_\_\_\_, before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared \_\_\_\_\_

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

[SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

State of California )

County of )

On \_\_\_\_\_, before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared \_\_\_\_\_

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

[SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

State of California )

County of )

On \_\_\_\_\_, before me, \_\_\_\_\_ (here insert name and title of the officer), personally appeared \_\_\_\_\_

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

[SEAL]

## **EXHIBIT A**

### **DESCRIPTION OF PROJECT SITE**

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

[TO BE PROVIDED]

## EXHIBIT B

### FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING

\$3.025,000

City of Los Angeles

Multifamily Housing Revenue Bond

(One Wilkins Place Apartments)

Series 2014F

The undersigned, being the Authorized Borrower Representative of One Wilkins Place Preservation, L.P., a California limited partnership (the “Borrower”), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower’s participation in the multifamily housing program of the City of Los Angeles (the “Issuer”), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of January 1, 2015 (the “Regulatory Agreement”), among the Borrower, the Issuer and U.S. Bank National Association, as Trustee relative to the property located at 1071 East 48<sup>th</sup> Street.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: \_\_\_\_\_%  
Unit Nos. \_\_\_\_\_ and size

Held vacant for occupancy continuously  
since last occupied by Low Income Tenant: \_\_\_\_\_%  
Unit Nos. \_\_\_\_\_ and size

Vacant Units: \_\_\_\_\_%

Low Income Tenants who commenced  
Occupancy of units during the  
Preceding [month/quarter]: Unit Nos. \_\_\_\_

Attached is a separate sheet (the “Occupancy Summary”) listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low Income Tenants and which units became Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [month/quarter] and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO].

**ONE WILKINS PLACE PRESERVATION,  
L.P.**, a California limited partnership

By: Concerned Citizens of South Central Los  
Angeles, a California nonprofit public  
benefit corporation, its General Partner

By:  
Name: Noreen McClendon  
Title: Executive Director

## EXHIBIT C

### FORM OF INCOME CERTIFICATION

*NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.*

Re: One Wilkins Place Apartments, 1071 East 48<sup>th</sup> Street, Los Angeles, CA.

The undersigned hereby (certify) (certifies) that:

1. This Certification of Tenant Eligibility is being delivered in connection with the undersigned's application for occupancy of Apartment #\_\_\_\_\_ in the One Wilkins Place Apartments located at 1071 East 48<sup>th</sup> Street, Los Angeles, CA.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s)

No

Not Applicable

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
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(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
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(d) Is any student listed in paragraph 2 above a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(e) Is any student listed in paragraph 2 a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

4. The total anticipated income for each person listed in paragraph 2 above during the 12-month period commencing with the date occupancy will begin including:

full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);



lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973; is as follows:

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

5.(a) Do the persons whose income or contributions are included in Item 4 above have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the

values of necessary items of personal property such as furniture and automobiles and interest in Indian trust land)?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

(b) Have the persons whose income or contributions are included in Item 4 above disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

(d) If the answer to (c) above is yes,

(i) insert the total value of all such assets owned or disposed of \$ \_\_\_\_\_; and

(ii) state:

(A) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent:

\$ \_\_\_\_\_

(B) the amount of such income, if any, that was included in Item 4 above:

\$ \_\_\_\_\_

6. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter, the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member and ownership, direct or indirect, by a partner of the individual.

7. This Income Certification is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in

paragraph 4 is reasonable and based upon such investigation as the undersigned deemed necessary.

8. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made therein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

9. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement (whether or not intentional) in this Income Certification will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent my/our occupancy of the unit and will be cause for immediate termination of such lease.

10. The undersigned hereby acknowledge and agree that on or before January 1 (or upon Lease renewal) of each year the undersigned and any other current residents of such apartment will complete and deliver a new Income Certification, in the form then in use, to the Borrower and that the undersigned's rent is subject to increase 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

*[The signatures of all persons over the age of 18 years listed in Number 2 above are required]*

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$  
\_\_\_\_\_
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$  
\_\_\_\_\_

	(c) Subtract (b) from (a)	\$
<hr/>		
(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 _____ % X _____ = \$ _____	
(e)	Enter the greater of (b) or (d)	\$
<hr/>		
(f)	TOTAL ELIGIBLE INCOME (Line (e) + (c))	\$
<hr/>		

13. The amount entered in 12(f):

- (a) \_\_\_\_\_ Qualifies the applicant(s) as a Lower Income Tenant(s).
- (b) \_\_\_\_\_ Does not qualify the applicant(s) as Lower Income Tenant(s).

14. Number of apartment unit assigned: \_\_\_\_\_

Bedroom size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

Tenant-paid Utilities:

Water \_\_\_\_\_ Gas \_\_\_\_\_ Electric \_\_\_\_\_

Trash \_\_\_\_\_ Other (list type) \_\_\_\_\_

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

\_\_\_\_\_ Yes      \_\_\_\_\_ No

16. Method used to verify applicant(s) income:

- \_\_\_\_\_ Employer income verification
- \_\_\_\_\_ Social Security Administration verification
- \_\_\_\_\_ Department of Social Services verification
- \_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other (\_\_\_\_\_)

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

\_\_\_\_\_ Copies of Tax Returns

\_\_\_\_\_ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date

Signature of Authorized Borrower  
Representative:

By  
Name  
Title

#### EXECUTION OF ITEMS 19 AND 20

\_\_\_\_\_ IS \_\_\_\_\_ IS NOT NECESSARY.

Initials: \_\_\_\_\_.

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as \_\_\_\_\_, 20\_\_\_\_ and state:

\_\_\_\_\_ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

\_\_\_\_\_ (b) The following information is provided to update the information previously provided in the Income Certification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Remainder of page intentionally left blank]

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

20. BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative

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

[Remainder of page intentionally left blank]

## INCOME VERIFICATION

(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the City of Los Angeles for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages \_\_\_\_\_

Overtime \_\_\_\_\_

Bonuses \_\_\_\_\_

Commissions \_\_\_\_\_

Total Current Income \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Date

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

I hereby grant you permission to disclose my income to \_\_\_\_\_, in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the by an issuance of a bond by the City of Los Angeles.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please send form to: \_\_\_\_\_

[Income verification signature page]



**INCOME VERIFICATION**  
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date \_\_\_\_\_

Signature \_\_\_\_\_

## EXHIBIT D

### FORM OF ANNUAL TENANT INCOME RECERTIFICATION

#### CITY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name \_\_\_\_\_

Apartment # \_\_\_\_\_ Date of Original Certification \_\_\_\_\_

Resident name \_\_\_\_\_

#### TO THE RESIDENT:

*This form is a continuation of the City of Los Angeles (the "Issuer") 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 Issuer 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: One Wilkins Place Apartments

Name of Bond Issuer: City of Los Angeles

CDLAC Application No.: 14-026 and 14-136

Pursuant to Section 13 of: Resolution No. 14-23 adopted by the California Debt Limit Allocation Committee (the "Committee") on March 19, 2014; and Resolution No. 14-123 adopted by the Committee on December 10, 2014, I, \_\_\_\_\_, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocations or any other available remedy.

*Please check or write N/A to the items listed below:*

The project is currently in the Construction or Rehabilitation phase.

\_\_\_\_\_ The project has incorporated the minimum specification into the project design for all new construction and rehabilitation projects as evidenced by the attached third party certification (HERS Rater, Green Point Rater or US Green Building Council).- For project under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

\_\_\_\_\_ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards.- The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

**EXHIBIT F**

[RESERVED]

**EXHIBIT G**  
**CDLAC RESOLUTION**

**EXHIBIT H**

**FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE**



RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP

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

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**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**CITY OF LOS ANGELES,**  
as Issuer,

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

and

**FIGUEROA SENIOR HOUSING PRESERVATION, L.P.,**  
as Borrower

relating to

[\$4,400,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Figueroa Senior Housing Apartments)  
Series 2014H

Dated as of [\_\_\_\_\_] 1, 2015

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**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

**THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS** (this “Agreement” or this “Regulatory Agreement”) is made and entered into and dated as of [\_\_\_\_\_] 1, 2015 by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the “Issuer” or the “City”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Trust Indenture dated as of [\_\_\_\_\_] 1, 2015 (the “Indenture”) by and between the Issuer and the Trustee, with an office in Los Angeles, California, and **FIGUEROA SENIOR HOUSING PRESERVATION, L.P.**, a California limited partnership (the “Borrower”).

**WITNESSETH:**

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

WHEREAS, on January 14, 2014, the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, rehabilitation, construction and equipping of Figueroa Senior Housing Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 5503 South Figueroa Street, Los Angeles, California, on the site more particularly described in Exhibit A hereto (the “Project”) and the Issuer’s City Council subsequently adopted one or more resolutions (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer has issued: \$[4,400,000] maximum principal amount of its Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments) Series 2014H (the “Bond”) the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to finance the acquisition, rehabilitation, construction and equipping of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and the income tax regulations (the “Regulations”) and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the Issuer’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, 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, construction and equipping of the Project and in order to ensure that

the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the Issuer;

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 Issuer, 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. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

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

*“Adjusted Income”* means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

*“Affiliated Party”* means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

*“Agreement”* or *“Regulatory Agreement”* means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

*“Area”* means the Los Angeles Primary Metropolitan Statistical Area.

*“Authorized Borrower Representative”* means any person who, at any time and from time to time, may be designated as the Borrower’s authorized representative by written certificate furnished to the Issuer 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 Issuer) a written certificate identifying a different person or persons to act in such capacity.

“*Bond*” means the Issuer’s Multifamily Housing Revenue Bond (Figueroa Senior Housing Apartments) Series 2014H, authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, Issuer, Trustee or Bondholder in connection with the Bond.

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

“*Borrower*” means Figueroa Senior Housing Preservation, L.P., a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning set forth in Section 7(d) hereof.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the Issuer 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 Issuer.

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Date*” means the date of the completion of the acquisition, rehabilitation, construction and equipping of the Project, as that date shall be specified in the Rehabilitation Completion Certificate.

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

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the opinion of Bond Counsel, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the

Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which 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) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

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

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

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

“*Income Certification*” means, initially, a Verification of Income in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the Issuer to the Borrower and, with respect to recertifications, the Income Certification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the Issuer to the Borrower.

“*Indenture*” means the Trust Indenture dated as of [\_\_\_\_\_]1, 2015 by and between the Issuer and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

*“Inducement Date”* means January 14, 2014.

*“Investor Limited Partner”* means [Hunt Entity], a [State] [form of business], its successors and assigns.

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

*“Loan”* means the loan of the sale proceeds of the Bond by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, rehabilitation, construction and equipping of the Project.

*“Loan Agreement”* means the Loan Agreement, dated as of [\_\_\_\_\_] 1, 2015, among the Issuer, the Trustee and the Borrower, as amended or supplemented from time to time.

*“Low Income Tenant”* means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower-income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

*“Low Income Units”* means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

*“Net Proceeds”* means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

*“Project”* means the Project Facilities and the Project Site.

*“Project Costs”* means, to the extent authorized by the Code, the Regulations, the Law and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, construction 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, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction or rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made for the Project).

*"Project Facilities"* means the buildings, structures and other improvements on the Project Site to be acquired, rehabilitated, constructed 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 5503 South Figueroa Street, in the City of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

*"Qualified Project Costs"* means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the rehabilitation 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 rehabilitated or constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in rehabilitating or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the

seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations.

“*Qualified Project Period*” means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Qualified Rehabilitation Expenditures*” means any amount properly chargeable to the Project’s capital account which is incurred no earlier than 60 days prior to the Inducement Date by the person acquiring the building or property (or additions or improvements to property) or by the seller of the property under a sales contract between the Borrower and the seller of the Project to the Borrower in connection with the rehabilitation of a building. In the case of an integrated operation contained in a building before its acquisition, such term includes rehabilitating existing equipment in such building or replacing it with equipment having substantially the same function. “Qualified Rehabilitation Expenditures” do not include any amount which is incurred after the date two years after the later of the date on which the building was acquired by the Borrower or the date on which the Bond was issued. “Qualified Rehabilitation Expenditures” do not include any expenditure described in Section 47(c)(2)(B) of the Code. All amounts constituting Qualified Rehabilitation Expenditures must be depreciated on a straight line basis over 27.5 years (unless otherwise provided in the Code).

“*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.

“*Rehabilitation Completion Certificate*” means a written certification signed by an Authorized Representative of the Borrower confirming that prior to the date which is 24 months after the Closing Date, stating that the Borrower has incurred Qualified Rehabilitation Expenditures with respect to the Project in an amount equal to or greater than 15% of the portion of the cost of acquiring the Project (exclusive of any acquisition costs attributable to land) financed with the Net Proceeds of the Bond.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such

interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means U.S. Bank National Association in its capacity as Trustee under the Indenture, together with its successors and assigns.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section I, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

**Section 2. Acquisition, Rehabilitation and Equipping of the Project.** The Borrower hereby represents as of the date hereof, covenants and agrees with the Issuer and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition and rehabilitation of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, rehabilitation and construction of the Project are accurately set forth in the Borrower Cost Certificate submitted to the Issuer on the Closing Date.

(c) The Borrower has acquired the Project Site, and will, within six months following the Bond Closing Date, commence the rehabilitation 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 rehabilitation of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is 18 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 and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Bond expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) On the Completion Date of the Project, the Borrower will submit to the Issuer and the Trustee a duly executed and completed Rehabilitation Completion Certificate as provided in Section 2(i) hereof.

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than 60 days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, rehabilitation, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any "related person" (as such phrase is defined in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, rehabilitation, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any related person in connection with the rehabilitation or construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower has or shall, prior to the date which is 24 months (unless extended pursuant to subsection "(j)" below) after the Closing Date, expend proceeds of the Bond equal to not less than 15% of the amount of Bond proceeds expended to acquire the Project (exclusive of any acquisition costs attributable to land) on Qualified Rehabilitation Expenditures which expenditures shall be confirmed in writing through a Rehabilitation Completion Certificate delivered to the Issuer and the Trustee not later than 25 months (unless extended pursuant to subsection "(j)" below) after the Closing Date.

(h) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds

from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Rehabilitation Completion Certificate to the Trustee and the Issuer, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and Qualified Rehabilitation Expenditures and further stating that (i) rehabilitation of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in rehabilitation and construction have been paid for and (ii) all other facilities necessary in connection with the Project have been acquired, rehabilitated, constructed and installed substantially in accordance with the plans, specifications, work write-up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. 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.

(j) The foregoing certificate evidencing the Completion Date shall be delivered to the Trustee no later than the date 24 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the Issuer 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. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (i) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (ii) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such Qualified Project Costs are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the Issuer of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(k) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

**Section 3. Residential Rental Property.** The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified

Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

(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 will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants and persons 62 years of age and older and except as further provided in any regulatory agreement executed between the Borrower and a subordinate lender (including the Issuer) in connection with the Project and except to the extent the Borrower gives preference to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

**Section 4. Low Income Tenants; Records and Reports.** Pursuant to the requirements of the Code and the Issuer, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied by tenants providing an Income Certification and (ii) the date on which 50% of dwelling units in the Project are occupied by tenants providing an Income Certification, the Borrower shall execute and deliver to the Issuer (with a copy to the Los Angeles Housing and Community Investment Department, Occupancy Monitoring Section, 1200 West 7th Street, 9<sup>th</sup> Floor, Los Angeles, CA 90017), the Majority Owner and the Trustee a certificate identifying such dates and the beginning date and earliest ending date of the Qualified Project Period. The Borrower shall use its best efforts to record a copy of such certificates in the Office of the County Recorder of the County of Los Angeles, California.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least 40% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than 40% of the total number of completed units of the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of 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, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and, in the case of tenants residing in the Project as of the date of acquisition thereof (if applicable), dated immediately prior to the disbursement of Bond proceeds to fund acquisition, rehabilitation and construction of 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 Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low Income Unit (and not previously filed with the Issuer) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the Issuer no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter the fifteenth day of each [ ] and [ ] until the end of the Qualified Project Period. The Borrower shall make a good-faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining



the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the Issuer shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the Issuer.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units, and will with reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower will prepare and submit to the Issuer and the Trustee, no later than the fifteenth day of each month following the receipt by the Trustee of the Rehabilitation Completion Certificate to and including the month in which such report indicates that 40% of the occupied units are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each [ ] and [ ], until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the dwelling units of the Project which were occupied or deemed occupied, pursuant to paragraph (b) of this Section 4, by Low Income Tenants during such period; (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default; and (iii) that, to the knowledge of the Borrower, no Determination of Taxability has occurred, or if a Determination of Taxability has occurred, setting forth all material facts relating thereto.

(g) On or before each February 15 during the Qualified Project Period, the Borrower will submit to the Issuer a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury, regardless of whether or not the Issuer has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140%

of the then applicable income limit for a Low Income Tenant of the same family size, such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof.

**Section 5. Tax-exempt Status of the Bond.** The Borrower and the Issuer 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 Issuer will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code.

(b) The Borrower and the Issuer will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the Issuer will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee's compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Bond in an amount related to the amount of the Loan.

**Section 6. Additional Requirements of the Act.** In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the Issuer hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) As provided in Section 52097.5 of the Act, not less than 40% of the total number of units in the Project shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act, assuming a family of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

(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 Issuer to file any annual report required by the Act or pursuant to California Government Code Section 8855.5.

(d) No portion of the Bond shall be used to finance the acquisition, construction, rehabilitation, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the United States Housing Act of 1937, as amended, that are more burdensome than the criteria applied to all other prospective tenants.

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the Bond, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds 140% of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for “good cause.” “Good cause” for the purposes of this section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the development, or the purposes or special programs of the development;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower’s failure to comply with this Regulatory Agreement.

**Section 7. Additional Requirements of CDLAC and the Issuer.** 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 CDLAC and the Issuer, 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 Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request. The Borrower shall provide written notice to the Issuer of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those units which are available to other tenants; and Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant’s race, religion, national origin, ancestry, sex, age (except restrictions upon occupancy of units by tenants 62 years of age and older), sexual orientation, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision. The Borrower

shall comply with the provisions of Sections 10.8.2 and 10.8.4 of the Administrative Code of the Issuer, the provisions of which are hereby incorporated by reference.

(d) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 14-25, adopted on March 19, 2014 and Exhibit A to CDLAC Resolution No. 14-125 adopted on December 10, 2014 (together, 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 are attached hereto as Exhibit G. Following completion of the rehabilitation of the Project, the Borrower will prepare and submit to the Issuer, on each February 1, until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(d) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and, as applicable, 51.3 of the California Civil Code, as amended, and Sections 45.50 et seq. of the Los Angeles Municipal Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant’s qualification as a Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the Issuer; 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 Issuer, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor.

The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the Issuer (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the Issuer, 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 Issuer to file any periodic report, or any other information concerning the Project as the Issuer may reasonably request.

(j) All workers performing rehabilitation or construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) any applicable minimum wage requirements imposed by the laws of the State of California and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles. The Borrower shall comply with all reporting and recordkeeping requirements of the applicable prevailing wage statutes and regulations. The Issuer shall have the right to appoint a third-party consultant to monitor compliance with this requirement, and the Borrower shall pay the fees and expenses of such consultant. Following any such appointment, the Borrower shall comply with any request by the Issuer to deliver to such consultant, in addition to or instead of the Issuer, 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 consultant as an agent of the Issuer.

(k) The Issuer 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 Issuer to deliver to such administrator, in addition to or instead of the Issuer, 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 Issuer.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant.

(m) There are four points in time when the Borrower is required to give written notice to all tenants of Low Income Units:

(i) Upon initial move-in/lease execution, Borrower shall give written notice to all tenants of Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for a term equal to the later of the expiration of: (A) the Qualified Project Period; or (B) the CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iii) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iv) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.

(n) The Borrower shall pay to the Issuer its initial and ongoing fees with respect to the issuance of the Bond. The Borrower shall pay the Issuer an initial fee immediately upon issuance of the Bond equal to \$[11,000] (.25% of the aggregate maximum principal amount of the Bond (\$[4,400,000]) issuable under the Indenture. In addition, the Borrower shall, as compensation for the Issuer's monitoring of the provisions of this Regulatory Agreement, pay to the Issuer, semiannually in arrears (on the first day of each [ ] and [ ] commencing [ ] 1, 2015, for the period from the date of issuance of the Bond through the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, prorated for the initial and any subsequent partial period, a semiannual amount equal to one-half of 0.125% of: (A) during the period from the Dated Date to the Conversion Date, the maximum aggregate principal amount of the Bond issuable under the Indenture

(\$[4,400,000]); and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, with a minimum semiannual amount of \$1,250, 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. Throughout the term of this Agreement, the Trustee, or the Issuer, as applicable, shall provide an invoice to the Borrower at least 30 days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the Issuer) and shall collect such payments from the Borrower and immediately remit such funds to the Issuer. Upon the prepayment of the Bond in whole, prior to the end of the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, the Borrower shall, at its election, either: (A) pay to the Issuer, on or before such payment, an amount equal to the present value of the remaining Issuer fees payable hereunder, as calculated by the Issuer, 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 end of the later of: (1) 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 Issuer on an annual basis, in arrears on each [ ] 1, the accrued 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.

(o) The Borrower shall pay to the Issuer a processing fee equal to the greater of: (i) \$5,000; or (ii) 0.125% of: (A) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, plus any expenses incurred by the Issuer, including, without limitation, bond counsel, city attorney, issuer attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the Issuer with respect to the Project, the Project Site or the Bond. The Issuer shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the Issuer its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the Issuer, together with any expenses incurred by the Issuer in connection therewith.

(q) The Trustee shall report to the Issuer in writing semiannually, within 10 days of each [ ] 1 and [ ] 1, the principal amount of the Bond outstanding as of such [ ] 1 or [ ] 1, as appropriate.

(r) The Borrower shall promptly provide the Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request.

(s) The Borrower shall include the Issuer as an additional insured on all liability insurance policies relating to the Borrower or the Project.



(t) The Borrower shall not rent any Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an “Owner/Developer”); (ii) any Immediate Family Member of an Owner/Developer (“Immediate Family Members” consists of: (A) spouses; (B) children; (C) parents and grandparents; (D) siblings; (E) in-laws; including brother/sister in-law and mother/father in-law and son/daughter in law; or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bonds 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 Issuer.

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 Bonds or an Immediate Family Member thereof. The Borrower recognizes and agrees that the penalty for violation of the above covenant shall be a fine of \$5,000 per violation/per Unit.

(u) Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the Issuer as the source of the financing provided for the Project, without the prior written approval of the Issuer (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the Issuer as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

Any of the foregoing requirements of the Issuer (except (d) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing in the Issuer’s sole discretion, but (i) no waiver by the Issuer 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 Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same effect, or to the effect that compliance with such requirement would be in conflict with the Act or the Law.

**Section 8. Modification of Covenants.** The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Law, the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, (with a copy to the Majority Owner) impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Law, the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower (with a copy to the Majority Owner), 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 Issuer, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Law and the Act and will not affect the Tax-exempt status of interest on the Bond. The Issuer 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 Issuer, whether or not required by California or federal law.

(c) The Borrower, the Issuer 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 Issuer 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 Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer, the Trustee shall take no action under this subsection (c) without first notifying the Issuer and without first providing the Issuer 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 Issuer.

**Section 9. Indemnification.** The Borrower shall defend, indemnify and hold harmless the Issuer and the Trustee and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the “Indemnified Parties”) against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, rehabilitation, 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 Issuer 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 (provided such indemnity shall not include payment of the principal of or interest on the Bond) or (d) the failure or alleged failure of any person or entity (including Borrower, its contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations in connection with the rehabilitation or construction of the improvements or any other work undertaken or in connection with the Project or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not Borrower knew of the same); provided, however, that this provision shall not require the Borrower to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct or, in the case of the Trustee, the negligence of the Indemnified Parties. The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Trustee from (i) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the Issuer or the Trustee shall give prompt notice to the Borrower and the Borrower shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer and the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof against the Borrower. In the event of any audit or inquiry regarding the Bond or the Project from any governmental entity, the Borrower shall, at the election of the Issuer, be responsible for responding to and resolving such audit or inquiry at the expense of the Borrower.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any Indemnified Party otherwise than under this Section 9 or from any liability under this Section 9 unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any Indemnified Party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent that it may elect by written notice delivered to the Indemnified Party within five Business Days after receiving the aforesaid notice from such Indemnified Party (but shall not be required) to assume, the defense thereof, with counsel reasonably satisfactory to such Indemnified Party;

provided, however, if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party shall have reasonably concluded that there are legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the indemnifying party, the Indemnified Party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such Indemnified Party or parties. Upon the indemnifying party's receipt of notice from the Indemnified Party of such Indemnified Party's election so to assume the defense of such action and selection by the Indemnified Party of counsel, the indemnifying party shall not be liable to such Indemnified Party under this Section 9 for any attorneys' fees or expenses subsequently incurred by such Indemnified Party for the engagement of separate counsel in connection with defense thereof unless (i) the Indemnified Party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party or shall not have employed such counsel within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of separate counsel to represent the Indemnified Party at the expense of the indemnifying party. Notwithstanding the foregoing, the Trustee shall not be indemnified for income tax, franchise tax or similar tax liability relating to the Trustee's own income and operations.

**Section 10. Consideration.** The Issuer has issued the Bond to provide funds to finance the acquisition, rehabilitation, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate and construct the Project. In consideration of the issuance of the Bond by the Issuer, 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 Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer 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 Issuer with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

**Section 12. Project in the City.** The Borrower hereby represents and warrants that the Project is located entirely within the City of Los Angeles.

**Section 13. Sale or Transfer of the Project; Equity Interests.** The Borrower hereby covenants and agrees not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by the Borrower of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the Issuer, which consent shall not be unreasonably withheld by the Issuer and shall be given by the Issuer if (a) the Borrower is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the Issuer and is not the subject of any legal or enforcement actions by the Issuer, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the Issuer is presented to establish that the purchaser or assignee is willing to comply and capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the Issuer is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects or (ii) the purchaser or assignee agrees to retain a property management firm which the Issuer determines has the experience and record described in subclause (i) above, or (iii) the Issuer determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the Issuer and the Trustee shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project to a new Borrower, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the Issuer, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Bond, (iv) from the Borrower, a Certificate of Continuing Program Compliance (and a "bring-down" certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the Issuer that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by Issuer, the State of California or federal regulatory agencies; (f) the purchaser or assignee complies with the provisions of the Los Angeles Administrative Code Section 10.8.4 Affirmative Action Program Provisions; (g) the Borrower or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the Issuer may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the Issuer in a separate writing, any sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the

Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, among other parties, may be required in connection with any transfer of the Project.

Notwithstanding the foregoing, if the Trustee or East West acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the Issuer shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee or East West 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 Issuer and delivery of items (a) through (h) above shall be required for any transfer of the Project subsequent to the Trustee's or East West's, as applicable, acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the respective interests of Borrower's limited partners shall, with prior written notice to the Issuer, be transferable under this Regulatory Agreement to any affiliate of the limited partners of Borrower, without the consent of the Issuer and/or Trustee but with prior written notice thereto.

**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 in the case of Section 7(d) hereof at the times set forth in CDLAC Resolutions No. 14- 25 and 14-125), 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 Issuer, 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 Issuer 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 Issuer) 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) 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 Issuer 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 Issuer 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 Issuer 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 Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

**Section 17. Uniformity; Common Plan.** The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

**Section 18. Default; Enforcement.** If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer to the Borrower, then the Issuer shall declare an “Event of Default” to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the Issuer on behalf of the Borrower. The Issuer hereby consents to any correction of a default on the part of the Borrower hereunder made by the Investor Limited Partner 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 the Investor Limited Partner at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the Issuer and subject to the provisions of the Indenture relative to the Trustee’s duty to exercise remedies generally, or the Issuer 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 Issuer or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all 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 Issuer the option, upon either (i) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower’s default under this Regulatory Agreement or (ii) the vacancy of a Low Income Unit for more than six months and the submission by the Issuer to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants and the qualifications of a reasonable landlord, to lease up to 40% of the units in the Project for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units. The option granted in the preceding sentence shall be effective only if the Borrower or the



Trustee has not instituted corrective action before the end of such 60-day period referenced in (i) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (ii) above, to a qualified Low Income Tenant. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the Issuer, of compliance with the requirements of Section 2 through 7 hereof, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Borrower. The Issuer shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the Issuer 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 Issuer, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the Issuer hereunder, provided that prior to taking any such action the Trustee shall give the Issuer written notice of its intended action. All reasonable fees, costs and expenses of the Issuer and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the Issuer 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 Issuer 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 Issuer 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 Issuer, 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 Issuer.

**Section 20. Recording and Filing.** The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Issuer 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 Issuer as grantee.

**Section 21. Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

**Section 22. Amendments.** 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 Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Law or the Act and with the written consent of the Trustee.

The Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the City Attorney of the Issuer), in order that interest on the Bond remain Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and the City Attorney of the Issuer and a request that such Bond Counsel render to the Issuer 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 Issuer: Los Angeles Housing and Community Investment Department  
8th Floor  
1200 West 7th Street  
Los Angeles, CA 90017  
Attention: Supervisor, Affordable Housing Bond Program  
Facsimile: (213) 808-8918

with a copy to: Los Angeles Housing and Community Investment Department  
P.O. Box 532729  
Los Angeles, CA 90053-2729  
Attention: Supervisor, Affordable Housing Bond Program

If to Borrower: Figueroa Senior Housing Preservation, L.P.,  
[ADDRESS]  
Attention:  
Facsimile: (

with a copy to: Hobson, Bernardino & Davis, LLP  
725 South Figueroa Street, Suite 3230  
Los Angeles, CA 90017  
Attention: Jason A. Hobson, Esq.

with a copy to  
Investor Limited  
Partner: [Hunt Entity]  
c/o Hunt Companies  
15260 Ventura Boulevard, Suite 600  
Sherman Oaks, CA 91403-5340  
Attention:

with a copy to: Elkins Kalt Weintraub Reuben Gartside LLP  
2049 Century Park East, Suite 2700  
Los Angeles, CA 90067  
Attention: Fred Gartside

If to the Trustee: U.S. Bank National Association  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust Services  
Ref: LA MF (Figueroa 2014H)  
Telephone: (213) 615-6024  
Facsimile: (213) 615-6199

If to the Bondowner  
Representative: Boston Private Bank and Trust Company  
Community Reinvestment Commercial Lender  
1520 Broadway  
Santa Monica, CA 90401  
Attention: Rufus Phillips, Vice President  
[rphillips@bostonprivatebank.com](mailto:rphillips@bostonprivatebank.com)

with a copy to: Buchalter Nemer  
55 2<sup>nd</sup> Street, Suite 1700  
San Francisco, CA 94105  
Attention: Sarah C. Perez, Esq.  
[scperez@buchalter.com](mailto:scperez@buchalter.com)

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given

hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

**Section 24. Severability.** If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

**Section 25. Multiple Counterparts.** This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

**Section 26. Nondiscrimination and Affirmative Action.** The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. Trustee and the Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Trustee and the Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee and the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower and Trustee shall also comply with all rules, regulations, and policies of the City of Los Angeles' Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower or Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 27. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee and Borrower each represent that it will obtain and hold the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Regulatory Agreement, the Trustee and the Borrower shall maintain, or

obtain as necessary, all such Business Tax Registration Certificates required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 28. Financial Obligations Personal to Borrower.** The Issuer acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the Issuer 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. Notwithstanding the foregoing, neither the Borrower nor its partners shall be personally liable for any indemnification obligation under the Loan Documents which would result in the repayment of principal and interest on the Loan.

**Section 29. Third-party Beneficiaries.** The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer and/or the Trustee or to cause the Issuer or the Trustee to enforce, the provisions of Section 7(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 Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

**Section 30. Child Support Assignment Orders.** This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each of the Borrower and the Trustee certifies that it will (a) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) maintain such compliance throughout the term of this Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower or the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower or the Trustee to comply with any Wage and Earnings

Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the Issuer. Any subcontract entered into by the Borrower or the Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower or the Trustee to obtain compliance of its subcontractors shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) the Borrower to the remedies provided herein and (B) the Trustee to termination under the Indenture where such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the Issuer.

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

**Section 31. Americans with Disabilities Act.** The Borrower and the Trustee each hereby certifies that it 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”). The Borrower and the Trustee each 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 subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**Section 32. Slavery Disclosure Ordinance.** This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as it may be amended from time to time. The Borrower hereby agrees to execute and deliver a certificate in the form attached hereto as Exhibit H (or such other form as is required by the Issuer) certifying that it has complied with the applicable provisions of this Ordinance. The Borrower acknowledges that failure to fully and accurately complete the affidavit may result in a default under this Regulatory Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**CITY OF LOS ANGELES**, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

**CITY OF LOS ANGELES**

**MICHAEL N. FEUER**, City Attorney

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

[Signature Page to *Figueroa* Regulatory Agreement]

**U.S. BANK NATIONAL ASSOCIATION,** as  
Trustee

By \_\_\_\_\_  
Name: Julia Hommel  
Title: Vice President

[Signature Page to ***Figueroa*** Regulatory Agreement]



FIGUEROA SENIOR HOUSING  
PRESERVATION, L.P., a California limited  
partnership

By Figueroa Economical Housing  
Development Corporation, a California  
nonprofit public benefit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Charles Cline  
Title: President

[Signature Page to *Figueroa* Regulatory Agreement]

## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California )

County of \_\_\_\_\_)

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

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

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State of California )

County of \_\_\_\_\_)

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(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

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State of California )

County of \_\_\_\_\_)

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

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## **EXHIBIT A**

### **DESCRIPTION OF PROJECT SITE**

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

**[TO BE PROVIDED]**

## EXHIBIT B

### FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING \_\_\_\_\_

\$[4,400,000]  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Figueroa Senior Housing Apartments)  
Series 2014H

The undersigned, being the Authorized Borrower Representative of Figueroa Senior Housing Preservation, L.P., a California limited partnership (the “Borrower”), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower’s participation in the multifamily housing program of the City of Los Angeles (the “Issuer”), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [\_\_\_\_\_] 1, 2015 (the “Regulatory Agreement”), among the Borrower, the Issuer and U.S. Bank National Association, as Trustee relative to the property located at 5503 South Figueroa Street.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants:	_____ %
	Unit Nos. _____ and size

Held vacant for occupancy continuously since last occupied by Low Income Tenant:	_____ %
	Unit Nos. _____ and size

Vacant Units:	_____ %
---------------	---------

Low Income Tenants who commenced Occupancy of units during the Preceding [month/quarter]:	Unit Nos. ____
---	----------------

Attached is a separate sheet (the “Occupancy Summary”) listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low

Income Tenants and which units became Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [month/quarter] and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO].

FIGUEROA SENIOR HOUSING  
PRESERVATION, L.P., a California limited  
partnership

By Figueroa Economical Housing  
Development Corporation, a California  
nonprofit public benefit corporation, its  
General Partner

By: \_\_\_\_\_  
Name: Charles Cline  
Title: President



## EXHIBIT C

### FORM OF INCOME CERTIFICATION

*NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.*

Re: Figueroa Senior Housing Apartments, 5503 South Figueroa Street, Los Angeles, CA.

The undersigned hereby (certify) (certifies) that:

1. This Certification of Tenant Eligibility is being delivered in connection with the undersigned's application for occupancy of Apartment #\_\_\_\_\_ in the Figueroa Senior Housing Apartments located at 5503 South Figueroa Street, Los Angeles, CA.

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 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

*[The signatures of all persons over the age of 18 years listed in Number 2 above are required]*

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ \_\_\_\_\_
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ \_\_\_\_\_
- (c) Subtract (b) from (a) \$ \_\_\_\_\_

- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to determine the total annual earnings on assets [5(d)(1)] if invested in passbook savings.

Passbook rate \_\_\_\_\_ % X \_\_\_\_\_ = \$ \_\_\_\_\_

- (e) Enter the greater of (b) or (d) \$ \_\_\_\_\_

- (f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ \_\_\_\_\_

13. The amount entered in 12(f):

(a) \_\_\_\_\_ Qualifies the applicant(s) as a Lower Income Tenant(s).

(b) \_\_\_\_\_ Does not qualify the applicant(s) as Lower Income Tenant(s).

14. Number of apartment unit assigned: \_\_\_\_\_

Bedroom size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

Tenant-paid Utilities:

Water \_\_\_\_\_ Gas \_\_\_\_\_ Electric \_\_\_\_\_

Trash \_\_\_\_\_ Other (list type) \_\_\_\_\_

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

\_\_\_\_\_ Yes \_\_\_\_\_ No

16. Method used to verify applicant(s) income:

\_\_\_\_\_ Employer income verification

\_\_\_\_\_ Social Security Administration verification

\_\_\_\_\_ Department of Social Services verification

\_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other ( \_\_\_\_\_ )

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

\_\_\_\_\_ Copies of Tax Returns

\_\_\_\_\_ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative:

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

#### EXECUTION OF ITEMS 19 AND 20

\_\_\_\_\_ IS \_\_\_\_\_ IS NOT NECESSARY.

Initials: \_\_\_\_\_.

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of \_\_\_\_\_, 20\_\_\_\_ and state:

\_\_\_\_\_ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

\_\_\_\_\_ (b) The following information is provided to update the information previously provided in the Income Certification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Remainder of page intentionally left blank]

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

20. BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative

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

[Remainder of page intentionally left blank]



**INCOME VERIFICATION**  
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the City of Los Angeles for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages \_\_\_\_\_

Overtime \_\_\_\_\_

Bonuses \_\_\_\_\_

Commissions \_\_\_\_\_

Total Current Income \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Date

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

I hereby grant you permission to disclose my income to \_\_\_\_\_,  
in order that they may determine my income eligibility for rental of an apartment located in their  
project which has been financed under the by an issuance of a bond by the City of Los Angeles.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please send form to: \_\_\_\_\_

[Income verification signature page]

**INCOME VERIFICATION**  
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date \_\_\_\_\_

Signature \_\_\_\_\_

## EXHIBIT D

### FORM OF ANNUAL TENANT INCOME RECERTIFICATION

#### CITY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name\_\_\_\_\_

Apartment #\_\_\_\_\_ Date of Original Certification\_\_\_\_\_

Resident name\_\_\_\_\_

#### TO THE RESIDENT:

*This form is a continuation of the City of Los Angeles (the "Issuer") 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 Issuer 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: Figueroa Senior Housing Apartments

Name of Bond Issuer: City of Los Angeles

CDLAC Application No.: 14-028 and 14-138

Pursuant to Section 13 of Resolution No. 14-25, adopted by the California Debt Limit Allocation Committee (the "Committee") on March 19, 2014, and Resolution No. 14-125 adopted by the Committee on December 10, 2014 (together, the "Resolution") I, \_\_\_\_\_, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocations or any other available remedy.

*Please check or write N/A to the items listed below:*

\_\_\_\_\_ The project is currently in the Construction or Rehabilitation phase.

\_\_\_\_\_ The project has incorporated the minimum specification into the project design for all new construction and rehabilitation projects as evidenced by the attached third party certification (HERS Rater, Green Point Rater or US Green Building Council). For project under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

\_\_\_\_\_ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

Phone Number



**EXHIBIT F**

[RESERVED]

**EXHIBIT G**  
**CDLAC RESOLUTION**

**EXHIBIT H**

**FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

KUTAK ROCK LLP

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

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**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**CITY OF LOS ANGELES,**  
as Issuer,

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

and

**NORMANDIE SENIOR HOUSING PRESERVATION, L.P.,**  
as Borrower

relating to

\$4,812,500  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Normandie Seniors Apartments)  
Series 2014G

Dated as of February 1, 2015

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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 February 1, 2015 by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the “Issuer” or the “City”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association in its capacity as Trustee (the “Trustee”) under the Trust Indenture dated as of February 1, 2015 (the “Indenture”) by and between the Issuer and the Trustee, with an office in Los Angeles, California, and **NORMANDIE SENIOR HOUSING PRESERVATION, L.P.**, a California limited partnership (the “Borrower”).

**WITNESSETH:**

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

WHEREAS, on October 15, 2013, the Issuer indicated its intent to provide for the issuance of revenue bonds to finance a portion of the acquisition, rehabilitation, construction and equipping of Normandie Seniors Apartments, a multifamily residential rental housing project located in the City of Los Angeles at 6301 South Normandie Avenue, Los Angeles, California, on the site more particularly described in Exhibit A hereto (the “Project”) and the Issuer’s City Council subsequently adopted one or more resolutions (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the Issuer’s program of financing housing, the Issuer has issued: \$4,812,5000 maximum principal amount of its Multifamily Housing Revenue Bond (Normandie Seniors Apartments) Series 2014G (the “Bond”) the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to finance the acquisition, rehabilitation, construction and equipping of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and the income tax regulations (the “Regulations”) and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the Issuer’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, 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, construction and equipping of the Project and in order to ensure that

the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the Issuer;

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 Issuer, 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. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

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

*“Adjusted Income”* means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

*“Affiliated Party”* means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

*“Agreement”* or *“Regulatory Agreement”* means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

*“Area”* means the Los Angeles Primary Metropolitan Statistical Area.

*“Authorized Borrower Representative”* means any person who, at any time and from time to time, may be designated as the Borrower’s authorized representative by written certificate furnished to the Issuer 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 Issuer) a written certificate identifying a different person or persons to act in such capacity.



“*Bond*” means the Issuer’s Multifamily Housing Revenue Bond (Normandie Seniors Apartments) Series 2014G, authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Borrower or the Trustee.

“*Bond Documents*” means the Indenture, the Loan Agreement, this Regulatory Agreement, the Tax Certificate and any other document now or hereafter executed by the Borrower, Issuer, Trustee or Bondholder in connection with the Bond.

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

“*Borrower*” means Normandie Senior Housing Preservation, L.P., a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning set forth in Section 7(d) hereof.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed by the Borrower with the Issuer 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 Issuer.

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law.

“*Completion Date*” means the date of the completion of the acquisition, rehabilitation, construction and equipping of the Project, as that date shall be specified in the Rehabilitation Completion Certificate.

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

“*Determination of Taxability*” means either (a) refusal by the Borrower to consent to any amendment or supplement hereto or to the Indenture which, in the opinion of Bond Counsel, is necessary or advisable to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the

Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which 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) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

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

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

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

“*Income Certification*” means, initially, a Verification of Income in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the Issuer to the Borrower and, with respect to recertifications, the Income Certification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the Issuer to the Borrower.

“*Indenture*” means the Trust Indenture dated as of February 1, 2015 by and between the Issuer and the Trustee relating to the issuance of the Bond, as amended, modified, supplemented or restated from time to time.

*“Inducement Date”* means October 15, 2013.

*“Investor Limited Partner”* means [Hunt Entity], a [State] [form of business], its successors and assigns.

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

*“Loan”* means the loan of the sale proceeds of the Bond by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition, rehabilitation, construction and equipping of the Project.

*“Loan Agreement”* means the Loan Agreement, dated as of February 1, 2015, among the Issuer, the Trustee and the Borrower, as amended or supplemented from time to time.

*“Low Income Tenant”* means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower-income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

*“Low Income Units”* means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

*“Net Proceeds”* means the total proceeds derived from the issuance, sale and delivery of the Bond, representing the total purchase price of the Bond, including any premium paid as part of the purchase price of the Bond, but excluding the accrued interest, if any, on the Bond paid by the initial purchaser of the Bond.

*“Project”* means the Project Facilities and the Project Site.

*“Project Costs”* means, to the extent authorized by the Code, the Regulations, the Law and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, construction 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, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction or rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made for the Project).

*"Project Facilities"* means the buildings, structures and other improvements on the Project Site to be acquired, rehabilitated, constructed 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 6301 South Normandie Avenue, in the City of Los Angeles, California and all rights and appurtenances thereunto appertaining, as more particularly described in Exhibit A hereto.

*"Qualified Project Costs"* means the Project Costs (excluding issuance costs) incurred not earlier than the date 60 days prior to the Inducement Date which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the rehabilitation 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 rehabilitated or constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in rehabilitating or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute "Qualified Project Costs" unless, at the time Bond proceeds are expended to pay such costs, the Borrower and the

seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations.

“*Qualified Project Period*” means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Qualified Rehabilitation Expenditures*” means any amount properly chargeable to the Project’s capital account which is incurred no earlier than 60 days prior to the Inducement Date by the person acquiring the building or property (or additions or improvements to property) or by the seller of the property under a sales contract between the Borrower and the seller of the Project to the Borrower in connection with the rehabilitation of a building. In the case of an integrated operation contained in a building before its acquisition, such term includes rehabilitating existing equipment in such building or replacing it with equipment having substantially the same function. “Qualified Rehabilitation Expenditures” do not include any amount which is incurred after the date two years after the later of the date on which the building was acquired by the Borrower or the date on which the Bond was issued. “Qualified Rehabilitation Expenditures” do not include any expenditure described in Section 47(c)(2)(B) of the Code. All amounts constituting Qualified Rehabilitation Expenditures must be depreciated on a straight line basis over 27.5 years (unless otherwise provided in the Code).

“*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.

“*Rehabilitation Completion Certificate*” means a written certification signed by an Authorized Representative of the Borrower confirming that prior to the date which is 24 months after the Closing Date, stating that the Borrower has incurred Qualified Rehabilitation Expenditures with respect to the Project in an amount equal to or greater than 15% of the portion of the cost of acquiring the Project (exclusive of any acquisition costs attributable to land) financed with the Net Proceeds of the Bond.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bond for any period during which the Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such

interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Trustee*” means U.S. Bank National Association in its capacity as Trustee under the Indenture, together with its successors and assigns.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section I, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

**Section 2. Acquisition, Rehabilitation and Equipping of the Project.** The Borrower hereby represents as of the date hereof, covenants and agrees with the Issuer and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition and rehabilitation of the Project, pursuant to which the Borrower is or will be obligated to expend at least 5% of the proceeds of the Loan financed from proceeds of the Bond.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, rehabilitation and construction of the Project are accurately set forth in the Borrower Cost Certificate (the “Borrower Cost Certificate”) submitted to the Issuer on the Closing Date.

(c) The Borrower has acquired the Project Site, and will, within six months following the Bond Closing Date, commence the rehabilitation 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 rehabilitation of the Project and to expend the full

amount of the proceeds of the Loan for Project Costs prior to the date which is 18 months after the Closing Date.

(d) The Borrower agrees that the full amount of each disbursement of Bond proceeds pursuant to the Indenture and the Loan Agreement will be applied to pay or to reimburse the Borrower for the payment of Project Costs as set forth in the Borrower Cost Certificate and that, after taking into account each such disbursement, (i) the aggregate disbursements of Bond proceeds will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an aggregate amount equal to 97% or more of the aggregate disbursements of the Loan; provided, however, that if the Borrower provides the Trustee with an opinion of Bond Counsel to the effect that the Tax-exempt status of interest on the Bond will not be adversely affected if less than the aforesaid percentage, but not less than 95%, is disbursed for such purpose, then the certificate may refer to such lesser percentage as may be specified by Bond Counsel; and (ii) less than 25% of the proceeds of the Bond expended relative to the Project Site will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land or rights with respect to land relative to the Project Site (exclusive of the cost of acquiring improvements on such land).

(e) On the Completion Date of the Project, the Borrower will submit to the Issuer and the Trustee a duly executed and completed Rehabilitation Completion Certificate as provided in Section 2(i) hereof.

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than 60 days prior to the Inducement Date, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, rehabilitation, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any "related person" (as such phrase is defined in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, rehabilitation, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any related person in connection with the rehabilitation or construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower has or shall, prior to the date which is 24 months (unless extended pursuant to subsection "(j)" below) after the Closing Date, expend proceeds of the Bond equal to not less than 15% of the amount of Bond proceeds expended to acquire the Project (exclusive of any acquisition costs attributable to land) on Qualified Rehabilitation Expenditures which expenditures shall be confirmed in writing through a Rehabilitation Completion Certificate delivered to the Issuer and the Trustee not later

than 25 months (unless extended pursuant to subsection “(j)” below) after the Closing Date.

(h) The Borrower (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(i) The Borrower shall, on the Completion Date, evidence the Completion Date by providing a Rehabilitation Completion Certificate to the Trustee and the Issuer, signed by the Authorized Borrower Representative, stating the total cost of the Project and identifying the total acquisition cost (which shall specify the costs attributable to land and the costs attributable to buildings) and the total Qualified Project Costs and Qualified Rehabilitation Expenditures and further stating that (i) rehabilitation of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor, and all labor, services, materials and supplies used in rehabilitation and construction have been paid for and (ii) all other facilities necessary in connection with the Project have been acquired, rehabilitated, constructed and installed substantially in accordance with the plans, specifications, work write-up and work orders therefor and all costs and expenses incurred in connection therewith have been paid. 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.

(j) The foregoing certificate evidencing the Completion Date shall be delivered to the Trustee no later than the date 24 months from the Closing Date unless the Borrower delivers to the Trustee a certificate of the Issuer 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. The Borrower agrees to spend additional moneys for payment of any costs of the Project sufficient to reduce the portion of Bond proceeds (A) spent on land by the Borrower relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Borrower relative to the Project Site for all purposes and (B) spent on costs of the Project paid or incurred by or on account of the Borrower or any related person (as such term is used in Section 147(a)(2) of the Code) on or after the date 60 days prior to the Inducement Date and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Borrower to deduct such amounts, within the meaning of Treasury Regulation 1.103-8(a)(1)) so that the amount of Bond proceeds expended on such Qualified Project Costs are at least 97% of the amount of Bond proceeds spent for all purposes related to the Project, except that, upon receipt by the Borrower, the Trustee and the Issuer of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.



(k) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

**Section 3. Residential Rental Property.** The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the Qualified Project Period, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project Facilities will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project Facilities as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. For purposes of this subsection 3(a), the term “functionally related and subordinate facilities” includes facilities for use by the tenants (for example, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Project, for example, heating and cooling equipment, trash disposal equipment and units for resident managers and maintenance personnel. Substantially all of the Project will contain such units and functionally related and subordinate facilities.

(b) All of the dwelling units in the Project will be similarly constructed units, and each Low Income Unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator.

(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 will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent

that dwelling units are required to be leased or rented to Low Income Tenants and persons 62 years of age and older and except as further provided in any regulatory agreement executed between the Borrower and a subordinate lender (including the Issuer) in connection with the Project and except to the extent the Borrower gives preference to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, and subject to the provisions of the Indenture and the Loan Agreement, it will either prepay the Loan or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

**Section 4. Low Income Tenants; Records and Reports.** Pursuant to the requirements of the Code and the Issuer, the Borrower hereby represents, warrants and covenants as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and the Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after each of (i) the date on which 10% of the dwelling units in the Project are occupied by tenants providing an Income Certification and (ii) the date on which 50% of dwelling units in the Project are occupied by tenants

providing an Income Certification, the Borrower shall execute and deliver to the Issuer (with a copy to the Los Angeles Housing and Community Investment Department, Occupancy Monitoring Section, 1200 West 7th Street, 9<sup>th</sup> Floor, Los Angeles, CA 90017), the Majority Owner and the Trustee a certificate identifying such dates and the beginning date and earliest ending date of the Qualified Project Period. The Borrower shall use its best efforts to record a copy of such certificates in the Office of the County Recorder of the County of Los Angeles, California.

(b) Commencing on the first day of the Qualified Project Period, Low Income Tenants shall occupy at least 40% of all completed and occupied units in the Project (excluding units occupied by property managers) before any additional units are occupied by persons who are not Low Income Tenants; and for the Qualified Project Period no less than 40% of the total number of completed units of the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (b), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. In determining whether the requirements of this subsection (b) have been met, fractions of units shall be treated as entire units.

(c) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant; and provided further that, until such next available unit is rented to a tenant who is not a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of 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, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and, in the case of tenants residing in the Project as of the date of acquisition thereof (if applicable), dated immediately prior to the disbursement of Bond proceeds to fund acquisition, rehabilitation and construction of 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 Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are

Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low Income Unit (and not previously filed with the Issuer) shall be attached to the Certificate of Continuing Program Compliance which is to be filed with the Issuer no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter the fifteenth day of each February and August 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 Issuer shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the Issuer.

(e) The Borrower will use its best efforts to maintain complete and accurate records pertaining to the Low Income Units, and will with reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower will prepare and submit to the Issuer and the Trustee, no later than the fifteenth day of each month following the receipt by the Trustee of the Rehabilitation Completion Certificate to and including the month in which such report indicates that 40% of the occupied units are occupied by Low Income Tenants, and thereafter no later than the fifteenth day of each February and August, 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 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 Issuer a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury, regardless of whether or not the Issuer has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied

on the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units changes for any reason (other than the birth of a child to an occupant of such unit) and that if upon any such certification such tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof.

**Section 5. Tax-exempt Status of the Bond.** The Borrower and the Issuer 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 Issuer will not knowingly take or permit actions within their control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bond and, if either should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof, provided that the Borrower shall not have violated these covenants if the interest on the Bond becomes taxable to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code.

(b) The Borrower and the Issuer will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the Issuer will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) The Borrower will not knowingly enter into any agreements which would result in the payment of principal or interest on the Bond being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Subject to Section 14 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any

documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided, however, that so long as any former Borrower has no remaining interest in the Project, such former Borrower shall have no obligation to monitor such transferee's compliance with such restrictions, and such former Borrower shall incur liability if such transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) The Borrower and any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall not acquire the Bond in an amount related to the amount of the Loan.

**Section 6. Additional Requirements of the Act.** In addition to the requirements set forth in Sections 2 through 5, and without limiting any additional requirements in Section 7, during the Qualified Project Period, the Borrower and the Issuer hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Borrower hereby specifically agrees to comply with each of the requirements set forth in this Section 6, as follows:

(a) As provided in Section 52097.5 of the Act, not less than [40%] of the total number of units in the Project shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 60% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times [60%] of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act, assuming a family of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

(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 Issuer to file any annual report required by the Act or pursuant to California Government Code Section 8855.5.

(d) No portion of the Bond shall be used to finance the acquisition, construction, rehabilitation, refinancing or development of commercial property for lease.

(e) The Borrower shall not apply selection criteria to certificate holders under Section 8 of the United States Housing Act of 1937, as amended, that are more burdensome than the criteria applied to all other prospective tenants.

(f) Following the expiration or termination of the Qualified Project Period with respect to the Project, except in the event of foreclosure and redemption of the Bond, deed in lieu of foreclosure, eminent domain or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant hereto shall remain available to any eligible household occupying a reserved unit at the date of expiration or termination, at a rent not greater than the amount set forth in (b) above, until the earliest of any of the following occur:

(i) The household's income exceeds 140% of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the development, or the purposes or special programs of the development;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period relative to the Project; and

(iv) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the California Government Code.

(g) During the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants.

Notwithstanding Section 1461 of the California Civil Code, the provisions hereof shall run with the land and may be enforced either in law or in equity by any resident, local agency, entity or any other person adversely affected by the Borrower's failure to comply with this Regulatory Agreement.

**Section 7. Additional Requirements of CDLAC and the Issuer.** 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 CDLAC and the Issuer, 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 Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request. The Borrower shall provide written notice to the Issuer of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and

number of bedrooms comparable to those units which are available to other tenants; and Low Income Tenants shall have access to and enjoyment of all common areas and facilities of the Project on the same basis as tenants of other units.

(c) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age (except restrictions upon occupancy of units by tenants 62 years of age and older), sexual orientation, disability, marital status, domestic partner status or medical condition. All contracts entered into by the Borrower which relate to the Project shall contain a like provision. The Borrower shall comply with the provisions of Sections 10.8.2 and 10.8.4 of the Administrative Code of the Issuer, the provisions of which are hereby incorporated by reference.

(d) The Borrower shall comply with the conditions set forth in Exhibit A to CDLAC Resolution No. 14-24, adopted on March 19, 2014 and Exhibit A to CDLAC Resolution No. 14-124 adopted on December 10, 2014 (together, 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 are attached hereto as Exhibit G. Following completion of the rehabilitation of the Project, the Borrower will prepare and submit to the Issuer, on each February 1, until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, in substantially the form attached hereto as Exhibit E, executed by an Authorized Borrower Representative. Notwithstanding anything to the contrary herein, the provisions of this Section 7(d) shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(e) For the Qualified Project Period, the Borrower will comply with the provisions of the Unruh Civil Rights Act, including, without limitation, Sections 51.2 and, as applicable, 51.3 of the California Civil Code, as amended, and Sections 45.50 et seq. of the Los Angeles Municipal Code, as amended.

(f) The lease to be utilized by the Borrower in renting any residential units in the Project to Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of his tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Borrower or the Issuer; 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 Issuer, at the principal place of business of the Borrower or the property manager of the Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Borrower shall submit to the Issuer (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the Issuer, 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 Issuer to file any periodic report, or any other information concerning the Project as the Issuer may reasonably request.

(j) All workers performing rehabilitation or construction work for the Project employed by the Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) any applicable minimum wage requirements imposed by the laws of the State of California and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles. The Borrower shall comply with all reporting and recordkeeping requirements of the applicable prevailing wage statutes and regulations. The Issuer shall have the right to appoint a third-party consultant to monitor compliance with this requirement, and the Borrower shall pay the fees and expenses of such consultant. Following any such appointment, the Borrower shall comply with any request by the Issuer to deliver to such consultant, in addition to or instead of the Issuer, 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 consultant as an agent of the Issuer.

(k) The Issuer 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 Issuer to deliver to such administrator, in addition to or instead of the Issuer, 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 Issuer.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds 140% of the then applicable income limit for a Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit occupied for such tenant shall continue to apply until the next available unit is rented to a tenant who is a Low Income Tenant.

(m) There are four points in time when the Borrower is required to give written notice to all tenants of Low Income Units:

(i) Upon initial move-in/lease execution, Borrower shall give written notice to all tenants of Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. Borrower must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgement of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be for a term equal to the later of the expiration of: (A) the Qualified Project Period; or (B) the CDLAC Conditions. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at a market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(ii) Twelve months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. The Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iii) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels. Borrower must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Los Angeles Department of Housing and Community Development.

(iv) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, Borrower must again give written notice to its tenants of the termination of the restrictions on the Low Income Units before their rents may be raised to market rent levels.

(n) The Borrower shall pay to the Issuer its initial and ongoing fees with respect to the issuance of the Bond. The Borrower shall pay the Issuer an initial fee immediately upon issuance of the Bond equal to \$[12,031.25] (.25% of the aggregate maximum principal amount of the Bond (\$4,812,5000) issuable under the Indenture. In addition, the Borrower shall, as compensation for the Issuer's monitoring of the provisions of this Regulatory Agreement, pay to the Issuer, semiannually in arrears (on

the first day of each February and August commencing August 1, 2015, for the period from the date of issuance of the Bond through the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, prorated for the initial and any subsequent partial period, a semiannual amount equal to one-half of 0.125% of: (A) during the period from the Dated Date to the Conversion Date, the maximum aggregate principal amount of the Bond issuable under the Indenture (\$4,812,5000); and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, with a minimum semiannual amount of \$1,250, 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. Throughout the term of this Agreement, the Trustee, or the Issuer, as applicable, shall provide an invoice to the Borrower at least 30 days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the Issuer) and shall collect such payments from the Borrower and immediately remit such funds to the Issuer. Upon the prepayment of the Bond in whole, prior to the end of the later of: (i) the end of the Qualified Project Period; or (ii) termination of the CDLAC Conditions, the Borrower shall, at its election, either: (A) pay to the Issuer, on or before such payment, an amount equal to the present value of the remaining Issuer fees payable hereunder, as calculated by the Issuer, 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 end of the later of: (1) 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 Issuer on an annual basis, in arrears on each February 1, the accrued 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.

(o) The Borrower shall pay to the Issuer a processing fee equal to the greater of: (i) \$5,000; or (ii) 0.125% of: (A) prior to the Conversion Date, the maximum principal amount of the Bond issuable under the Indenture; and (B) following the Conversion Date, the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, plus any expenses incurred by the Issuer, including, without limitation, bond counsel, city attorney, issuer attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the Issuer with respect to the Project, the Project Site or the Bond. The Issuer shall provide an invoice directly to the Borrower for such amounts.

(p) The Borrower shall pay the Issuer its then-current fees in connection with any consent, approval, transfer, amendment or waiver requested of the Issuer, together with any expenses incurred by the Issuer in connection therewith.

(q) The Trustee shall report to the Issuer in writing semiannually, within 10 days of each February 1 and August 1, the principal amount of the Bond outstanding as of such February 1 or August 1, as appropriate.

(r) The Borrower shall promptly provide the Issuer such information with respect to the Project or the Bond as the Issuer shall from time to time request.

(s) The Borrower shall include the Issuer as an additional insured on all liability insurance policies relating to the Borrower or the Project.

(t) The Borrower shall not rent any Low Income Unit to: (i) any individual who (A) holds an ownership interest in the Borrower, any general partner or member (or owner of such general partner or member) of the Borrower, (B) is an officer, board member, employee or agent of, or consultant to, the Borrower or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of: (A) spouses; (B) children; (C) parents and grandparents; (D) siblings; (E) in-laws, including brother/sister in-law and mother/father in-law and son/daughter in law; or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bonds 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 Issuer.

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 Bonds or an Immediate Family Member thereof. The Borrower recognizes and agrees that the penalty for violation of the above covenant shall be a fine of \$5,000 per violation/per Unit.

(u) Neither the Borrower nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the Issuer as the source of the financing provided for the Project, without the prior written approval of the Issuer (provided that nothing herein shall prevent the Borrower or any general partner thereof from identifying the Issuer as the source of such financing to the extent that the Borrower or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

Any of the foregoing requirements of the Issuer (except (d) above, which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing in the Issuer's sole discretion, but (i) no waiver by the Issuer 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 Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to become includable in gross income for federal income tax purposes, if such opinion is accompanied by a copy of a ruling from the Internal Revenue Service to the same

effect, or to the effect that compliance with such requirement would be in conflict with the Act or the Law.

**Section 8. Modification of Covenants.** The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Law, the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, (with a copy to the Majority Owner) impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Law, the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower (with a copy to the Majority Owner), 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 Issuer, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Law and the Act and will not affect the Tax-exempt status of interest on the Bond. The Issuer 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 Issuer, whether or not required by California or federal law.

(c) The Borrower, the Issuer 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 Issuer 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 Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer, the Trustee shall take no action under this subsection (c) without first notifying the Issuer and without first providing the Issuer 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 Issuer.

**Section 9. Indemnification.** The Borrower shall defend, indemnify and hold harmless the Issuer and the Trustee and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the "Indemnified Parties") against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable

attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, rehabilitation, 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 Issuer 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 (provided such indemnity shall not include payment of the principal of or interest on the Bond) or (d) the failure or alleged failure of any person or entity (including Borrower, its contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations in connection with the rehabilitation or construction of the improvements or any other work undertaken or in connection with the Project or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of the Borrower that is adjacent to the Project (whether before or after the date of this Agreement and whether or not Borrower knew of the same); provided, however, that this provision shall not require the Borrower to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from the fraud or willful misconduct or, in the case of the Trustee, the negligence of the Indemnified Parties. The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Trustee from (i) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the Issuer or the Trustee shall give prompt notice to the Borrower and the Borrower shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer and the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof against the Borrower. In the event of any audit or inquiry regarding the Bond or the Project from any governmental entity, the Borrower shall, at the election of the Issuer, be responsible for responding to and resolving such audit or inquiry at the expense of the Borrower.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any Indemnified Party otherwise than under this Section 9 or from any liability under this Section 9 unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any Indemnified Party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent

that it may elect by written notice delivered to the Indemnified Party within five Business Days after receiving the aforesaid notice from such Indemnified Party (but shall not be required) to assume, the defense thereof, with counsel reasonably satisfactory to such Indemnified Party; provided, however, if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party shall have reasonably concluded that there are legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the indemnifying party, the Indemnified Party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such Indemnified Party or parties. Upon the indemnifying party's receipt of notice from the Indemnified Party of such Indemnified Party's election so to assume the defense of such action and selection by the Indemnified Party of counsel, the indemnifying party shall not be liable to such Indemnified Party under this Section 9 for any attorneys' fees or expenses subsequently incurred by such Indemnified Party for the engagement of separate counsel in connection with defense thereof unless (i) the Indemnified Party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party or shall not have employed such counsel within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of separate counsel to represent the Indemnified Party at the expense of the indemnifying party. Notwithstanding the foregoing, the Trustee shall not be indemnified for income tax, franchise tax or similar tax liability relating to the Trustee's own income and operations.

**Section 10. Consideration.** The Issuer has issued the Bond to provide funds to finance the acquisition, rehabilitation, construction and equipping of the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate and construct the Project. In consideration of the issuance of the Bond by the Issuer, 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 Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer 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 Issuer with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

**Section 12. Project in the City.** The Borrower hereby represents and warrants that the Project is located entirely within the City of Los Angeles.

**Section 13. Sale or Transfer of the Project; Equity Interests.** The Borrower hereby covenants and agrees not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by the Borrower of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), equity interests in the Borrower aggregating more than 50% of the equity interest in the Borrower, or any general partner interests in the Borrower, without obtaining the prior written consent of the Issuer, which consent shall not be unreasonably withheld by the Issuer and shall be given by the Issuer if (a) the Borrower is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the Issuer and is not the subject of any legal or enforcement actions by the Issuer, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the Issuer is presented to establish that the purchaser or assignee is willing to comply and capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the Issuer is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects or (ii) the purchaser or assignee agrees to retain a property management firm which the Issuer determines has the experience and record described in subclause (i) above, or (iii) the Issuer determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the Issuer and the Trustee shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the Issuer that the Borrower's purchaser or transferee has assumed in writing and in full, the Borrower's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project to a new Borrower, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the Issuer, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Bond, (iv) from the Borrower, a Certificate of Continuing Program Compliance (and a "bring-down" certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the Issuer that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by Issuer, the State of California or federal regulatory agencies; (f) the purchaser or assignee complies with the provisions of the Los Angeles Administrative Code Section 10.8.4 Affirmative Action Program Provisions; (g) the Borrower or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the Issuer may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the Issuer in a separate writing, any sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the Borrower,



and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been assumed by the transferee of the Project, without the necessity of further documentation. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 13.

The Borrower acknowledges and recognizes that in addition to the above requirements the consent of CDLAC, among other parties, may be required in connection with any transfer of the Project.

Notwithstanding the foregoing, if the Trustee or East West acquires title to the Project by foreclosure or deed in lieu of foreclosure, no consent of the Issuer shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee or East West 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 Issuer and delivery of items (a) through (h) above shall be required for any transfer of the Project subsequent to the Trustee's or East West's, as applicable, acquisition of the Property by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the respective interests of Borrower's limited partners shall, with prior written notice to the Issuer, be transferable under this Regulatory Agreement to any affiliate of the limited partners of Borrower, without the consent of the Issuer and/or Trustee but with prior written notice thereto.

**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 in the case of Section 7(d) hereof at the times set forth in CDLAC Resolutions No. 14- 24 and 14-124), 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 Issuer, 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 Issuer 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 Issuer) 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) 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 Issuer 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 Issuer 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 Issuer 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 Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond was issued. Notwithstanding the foregoing or any other provision of this Regulatory Agreement, no person, other than the parties hereto, shall have any rights of enforcement of this Regulatory Agreement.

**Section 17. Uniformity; Common Plan.** The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

**Section 18. Default; Enforcement.** If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Issuer to the Borrower, then the Issuer shall declare an “Event of Default” to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the Issuer on behalf of the Borrower. The Issuer hereby consents to any correction of a default on the part of the Borrower hereunder made by the Investor Limited Partner 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 the Investor Limited Partner at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the Issuer and subject to the provisions of the Indenture relative to the Trustee’s duty to exercise remedies generally, or the Issuer 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 Issuer or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all 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 Issuer the option, upon either (i) the expiration of 60 days after the giving of the notice to the Borrower referred to in the first paragraph of this Section 18 of the Borrower’s default under this Regulatory Agreement or (ii) the vacancy of a Low Income Unit for more than six months and the submission by the Issuer to the Borrower during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants and the qualifications of a reasonable landlord, to lease up to [40%] of the units in the Project for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants for a period of not less than six months, but only to the extent necessary to comply with the provisions of Sections 2 through 7 of this Regulatory Agreement and to insure full occupancy of the Low Income Units. The option granted in the preceding sentence shall be effective only if the Borrower or the

Trustee has not instituted corrective action before the end of such 60-day period referenced in (i) above, or the Borrower has not rented the unit during the six-month or longer period referenced in (ii) above, to a qualified Low Income Tenant. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Borrower, the Trustee or the Issuer, of compliance with the requirements of Section 2 through 7 hereof, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Borrower. The Issuer shall make diligent effort, but shall not be required, to rent Low Income Units to Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Borrower after the Issuer 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 Issuer, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the Issuer hereunder, provided that prior to taking any such action the Trustee shall give the Issuer written notice of its intended action. All reasonable fees, costs and expenses of the Issuer and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the Issuer 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 Issuer 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 Issuer 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 Issuer, 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 Issuer.

**Section 20. Recording and Filing.** The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the Issuer 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 Issuer as grantee.

**Section 21. Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

**Section 22. Amendments.** 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 Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Law or the Act and with the written consent of the Trustee.

The Issuer, the Trustee and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the City Attorney of the Issuer), in order that interest on the Bond remain Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and the City Attorney of the Issuer and a request that such Bond Counsel render to the Issuer 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 Issuer: Los Angeles Housing and Community Investment Department  
8th Floor  
1200 West 7th Street  
Los Angeles, CA 90017  
Attention: Supervisor, Affordable Housing Bond Program  
Facsimile: (213) 808-8918

with a copy to: Los Angeles Housing and Community Investment Department  
P.O. Box 532729  
Los Angeles, CA 90053-2729  
Attention: Supervisor, Affordable Housing Bond Program

If to Borrower: Normandie Senior Housing Preservation, L.P.,  
[Address]  
Attention:  
Facsimile: (

with a copy to: Hobson, Bernardino & Davis, LLP  
725 South Figueroa Street, Suite 3230  
Los Angeles, CA 90017  
Attention: Jason A. Hobson, Esq.

with a copy to  
Investor Limited  
Partner: [Hunt Entity]  
c/o Hunt Companies  
15260 Ventura Boulevard, Suite 600  
Sherman Oaks, CA 91403-5340  
Attention:

with a copy to: Elkins Kalt Weintraub Reuben Gartside LLP  
2049 Century Park East, Suite 2700  
Los Angeles, CA 90067  
Attention: Fred Gartside

If to the Trustee: U.S. Bank National Association  
633 West 5<sup>th</sup> Street, 24<sup>th</sup> Floor  
Los Angeles, CA 90071  
Attention: Global Corporate Trust Services  
Ref: LA MF (Normandie 2014G)  
Telephone: (213) 615-6024  
Facsimile: (213) 615-6199

If to the Bondowner  
Representative: Boston Private Bank and Trust Company  
Community Reinvestment Commercial Lender  
1520 Broadway  
Santa Monica, CA 90401  
Attention: Rufus Phillips, Vice President  
[rphillips@bostonprivatebank.com](mailto:rphillips@bostonprivatebank.com)

with a copy to: Buchalter Nemer  
55 2<sup>nd</sup> Street, Suite 1700  
San Francisco, CA 94105  
Attention: Sarah C. Perez, Esq.  
[scperez@buchalter.com](mailto:scperez@buchalter.com)

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to

such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

**Section 24. Severability.** If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

**Section 25. Multiple Counterparts.** This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

**Section 26. Nondiscrimination and Affirmative Action.** The Trustee and the Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. Trustee and the Borrower shall not discriminate in its employment practices against any employee or applicant for employment denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and the Borrower shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Trustee and the Borrower shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee and the Borrower shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Borrower and Trustee shall also comply with all rules, regulations, and policies of the City of Los Angeles' Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the Issuer. Any subcontract entered into by the Borrower or Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Regulatory Agreement. For purposes of this section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

**Section 27. Business Tax Registration Certificate.** Subject to any exemption available to it, the Trustee and Borrower each represent that it will obtain and hold the Business Tax Registration Certificate(s) required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the

term covered by this Regulatory Agreement, the Trustee and the Borrower shall maintain, or obtain as necessary, all such Business Tax Registration Certificates required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate to be revoked or suspended.

**Section 28. Financial Obligations Personal to Borrower.** The Issuer acknowledges that the Project shall be encumbered by the Loan Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be a lien on the Project and no Person shall have the right to enforce such obligations other than directly against the Borrower as provided in Section 18 of this Regulatory Agreement, except that the Issuer 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. Notwithstanding the foregoing, neither the Borrower nor its partners shall be personally liable for any indemnification obligation under the Loan Documents which would result in the repayment of principal and interest on the Loan.

**Section 29. Third-party Beneficiaries.** The CDLAC is intended to be and is a third-party beneficiary of this Regulatory Agreement, and the CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer and/or the Trustee or to cause the Issuer or the Trustee to enforce, the provisions of Section 7(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 Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

**Section 30. Child Support Assignment Orders.** This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each of the Borrower and the Trustee certifies that it will (a) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (b) that the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) maintain such compliance throughout the term of this Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower or the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure



of any principal owner(s) of the Borrower or the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) the Borrower to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the Issuer. Any subcontract entered into by the Borrower or the Trustee relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower or the Trustee to obtain compliance of its subcontractors shall constitute a default by the Borrower or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) the Borrower to the remedies provided herein and (B) the Trustee to termination under the Indenture where such failure shall continue for more than ninety (90) days after notice of such failure to the Borrower or the Trustee by the Issuer.

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

**Section 31. Americans with Disabilities Act.** The Borrower and the Trustee each hereby certifies that it 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”). The Borrower and the Trustee each 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 subcontract entered into by the Borrower or the Trustee, relating to this Regulatory Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**Section 32. Slavery Disclosure Ordinance.** This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as it may be amended from time to time. The Borrower hereby agrees to execute and deliver a certificate in the form attached hereto as Exhibit H (or such other form as is required by the Issuer) certifying that it has complied with the applicable provisions of this Ordinance. The Borrower acknowledges that failure to fully and accurately complete the affidavit may result in a default under this Regulatory Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**CITY OF LOS ANGELES**, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Helmi A. Hisserich  
Authorized Officer

Approved as to form:

**CITY OF LOS ANGELES**  
**MICHAEL N. FEUER**, City Attorney

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

[Signature Page to *Normandie* Regulatory Agreement]

**U.S. BANK NATIONAL ASSOCIATION,** as  
Trustee

By \_\_\_\_\_  
Name: Julia Hommel  
Title: Vice President

[Signature Page to *Normandie* Regulatory Agreement]

**NORMANDIE SENIOR HOUSING  
PRESERVATION, L.P.**, a California limited  
partnership

By Normandie Non-Profit Housing, Inc., a  
California nonprofit public benefit  
corporation, its General Partner

By: \_\_\_\_\_  
Name: Herbert Marshall  
Title: Chairman of the Board

[Signature Page to *Normandie* Regulatory Agreement]

## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California )

County of \_\_\_\_\_)

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

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California )

County of \_\_\_\_\_)

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

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]

## NOTARY ACKNOWLEDGMENT STATEMENT

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County of \_\_\_\_\_)

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

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ [SEAL]



## NOTARY ACKNOWLEDGMENT STATEMENT

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

State of California )

County of \_\_\_\_\_)

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

(here insert name(s) of signers), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

[SEAL]

## **EXHIBIT A**

### **DESCRIPTION OF PROJECT SITE**

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

#### **PARCEL A:**

LOT 186 OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 51, PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBONS, AND OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR THAT MAY BE PRODUCED FROM SAID LAND, AND ALSO EXCEPTING AND RESERVING TO GRANTORS, THEIR HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, THE SOLE AND EXCLUSIVE RIGHT TO DRILL SLANTED WELLS FROM ADJACENT LANDS INTO AND THROUGH, AND TO DEVELOP MINES AND CONSTRUCT TUNNELS, SHAFTS AND OTHER WORKS IN AND THROUGH THE SUBSURFACE OF SAID LAND FOR THE PURPOSE OF RECOVERING SAID MINERALS OR ANY OF THEM FROM SAID LAND OR FROM OTHER PROPERTY, OR BOTH, PROVIDED, HOWEVER, THE GRANTORS SHALL NOT HAVE THE RIGHT TO USE THE SURFACE OF SAID LAND OR THAT PORTION OF THE SUBSURFACE THEREOF LYING ABOVE A DEPTH OF 500 FEET BELOW THE SURFACE, FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL, OR STORAGE OF SAID MINERALS, AS RESERVED BY MARION L. STERN AND HAROLD M. STERN, IN DEED RECORDED JULY 28, 1959 IN BOOK D-550 PAGE 590, OFFICIAL RECORDS.

EXCEPTING ALL OIL, GAS, WATER, AND MINERAL RIGHTS NOW VESTED IN THE CITY OF LOS ANGELES, WITHOUT, HOWEVER, THE RIGHT TO USE THE SURFACE OF THE LAND OR ANY PORTION THEREOF TO A DEPTH OF 500 FEET BELOW THE SURFACE FOR THE EXTRACTION OF SUCH OIL, GAS, WATER OR MINERALS, EXCEPTED BY THE CITY OF LOS ANGELES, A MUNICIPAL CORPORATION, IN DEED RECORDED MAY 25, 1973.

#### **PARCEL B:**

LOT 187 AND LOT 188 OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

#### **PARCEL C:**

LOTS 184 AND 185 IN TRACT 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL D:

LOTS 189 AND 190 OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL E:

LOTS 1, 2, 3, 4 AND 5 OF TRACT NO. 5834, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 63 PAGE 26 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL F:

LOT 6 OF TRACT NO. 5834, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 63 PAGE 26 OF MAPS, IN THE OFFICE OF

THE COUNTY RECORDER OF SAID COUNTY.

PARCEL G:

LOT 7, OF TRACT NO. 5834, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 63 PAGE 26 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL H:

LOT 183, OF TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES,

STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL I:

THAT PORTION OF THAT CERTAIN L-SHAPED ALLEY, 15 FEET WIDE, ADJOINING LOTS 184 THROUGH 190, TRACT NO. 5687, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 61 PAGE 24 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY; BOUNDED NORTHERLY BY A LINE PARALLEL WITH AND DISTANT 15 FEET SOUTHERLY MEASURED AT RIGHT

ANGLES FROM THE NORTHERLY LINE OF SAID LOT 186, AND BOUNDED WESTERLY BY THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF LOT 7, TRACT NO. 5834, AS PER MAP RECORDED IN BOOK 63 PAGE 26, IN THE OFFICE OF SAID COUNTY RECORDER.

ALSO, THAT CERTAIN ALLEY, 5 FEET WIDE, LYING WITHIN SAID LOT 186, TRACT NO. 5687, AS SAID ALLEY IS DESCRIBED IN DEED RECORDED IN BOOK D5884 PAGE 50, OF OFFICIAL RECORDS, IN THE OFFICE OF SAID COUNTY RECORDER, BY RESOLUTION TO VACATE NO. 96-1400443, RECORDED JANUARY 9, 1997 AS INSTRUMENT NO. 97-37667, OF OFFICIAL RECORDS.

APN: 6002-033-044 and 6002-033-045

## EXHIBIT B

### FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING \_\_\_\_\_

\$4,812,5000  
City of Los Angeles  
Multifamily Housing Revenue Bond  
(Normandie Seniors Apartments)  
Series 2014G

The undersigned, being the Authorized Borrower Representative of Normandie Senior Housing Preservation, L.P., a California limited partnership (the “Borrower”), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Borrower’s participation in the multifamily housing program of the City of Los Angeles (the “Issuer”), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of February 1, 2015 (the “Regulatory Agreement”), among the Borrower, the Issuer and U.S. Bank National Association, as Trustee relative to the property located at 6301 South Normandie Avenue.

As of the date of this Certificate, the following percentages of completed residential units in the Project (as such term is defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: \_\_\_\_\_ %  
Unit Nos. \_\_\_\_\_ and  
size

Held vacant for occupancy continuously  
since last occupied by Low Income Tenant: \_\_\_\_\_ %  
Unit Nos. \_\_\_\_\_ and  
size

Vacant Units: \_\_\_\_\_ %

Low Income Tenants who commenced  
Occupancy of units during the  
Preceding [month/quarter]: Unit Nos. \_\_\_\_

Attached is a separate sheet (the “Occupancy Summary”) listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low

Income Tenants and which units became Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such [month/quarter] and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [OR DESCRIBE THE NATURE OF ANY DEFAULT IN DETAIL AND SET FORTH THE MEASURES BEING TAKEN TO REMEDY SUCH DEFAULT]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Regulatory Agreement) has occurred [OR, IF A DETERMINATION OF TAXABILITY HAS OCCURRED, SET FORTH ALL MATERIAL FACTS RELATING THERETO].

**NORMANDIE SENIOR HOUSING  
PRESERVATION, L.P.**, a California limited  
partnership

By Normandie Non-Profit Housing, Inc., a  
California nonprofit public benefit  
corporation, its General Partner

By: \_\_\_\_\_  
Name: Herbert Marshall  
Title: Chairman of the Board

## EXHIBIT C

### FORM OF INCOME CERTIFICATION

*NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.*

Re: Normandie Seniors Apartments, 6301 South Normandie Avenue, Los Angeles, CA.

The undersigned hereby (certify) (certifies) that:

1. This Certification of Tenant Eligibility is being delivered in connection with the undersigned's application for occupancy of Apartment #\_\_\_\_\_ in the Normandie Seniors Apartments located at 6301 South Normandie Avenue, Los Angeles, CA.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s) \_\_\_\_\_ No \_\_\_\_\_ Not Applicable \_\_\_\_\_

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
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(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(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 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

*[The signatures of all persons over the age of 18 years listed in Number 2 above are required]*

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ \_\_\_\_\_
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ \_\_\_\_\_
- (c) Subtract (b) from (a) \$ \_\_\_\_\_

- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to determine the total annual earnings on assets [5(d)(1)] if invested in passbook savings.

Passbook rate \_\_\_\_\_ % X \_\_\_\_\_ = \$ \_\_\_\_\_

- (e) Enter the greater of (b) or (d) \$ \_\_\_\_\_

- (f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ \_\_\_\_\_

13. The amount entered in 12(f):

(a) \_\_\_\_\_ Qualifies the applicant(s) as a Lower Income Tenant(s).

(b) \_\_\_\_\_ Does not qualify the applicant(s) as Lower Income Tenant(s).

14. Number of apartment unit assigned: \_\_\_\_\_

Bedroom size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

Tenant-paid Utilities:

Water \_\_\_\_\_ Gas \_\_\_\_\_ Electric \_\_\_\_\_

Trash \_\_\_\_\_ Other (list type) \_\_\_\_\_

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

\_\_\_\_\_ Yes \_\_\_\_\_ No

16. Method used to verify applicant(s) income:

\_\_\_\_\_ Employer income verification

\_\_\_\_\_ Social Security Administration verification

\_\_\_\_\_ Department of Social Services verification

\_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other ( \_\_\_\_\_ )

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

\_\_\_\_\_ Copies of Tax Returns

\_\_\_\_\_ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative:

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

#### EXECUTION OF ITEMS 19 AND 20

\_\_\_\_\_ IS \_\_\_\_\_ IS NOT NECESSARY.

Initials: \_\_\_\_\_.

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of \_\_\_\_\_, 20\_\_\_\_ and state:

\_\_\_\_\_ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

\_\_\_\_\_ (b) The following information is provided to update the information previously provided in the Income Certification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Remainder of page intentionally left blank]

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

20. BORROWER'S STATEMENT: The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative

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

[Remainder of page intentionally left blank]

**INCOME VERIFICATION**  
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the City of Los Angeles for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages \_\_\_\_\_

Overtime \_\_\_\_\_

Bonuses \_\_\_\_\_

Commissions \_\_\_\_\_

Total Current Income \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Date

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

I hereby grant you permission to disclose my income to \_\_\_\_\_,  
in order that they may determine my income eligibility for rental of an apartment located in their  
project which has been financed under the by an issuance of a bond by the City of Los Angeles.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please send form to: \_\_\_\_\_

[Income verification signature page]



**INCOME VERIFICATION**  
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date \_\_\_\_\_

Signature \_\_\_\_\_

## EXHIBIT D

### FORM OF ANNUAL TENANT INCOME RECERTIFICATION

#### CITY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name\_\_\_\_\_

Apartment #\_\_\_\_\_ Date of Original Certification\_\_\_\_\_

Resident name\_\_\_\_\_

#### TO THE RESIDENT:

*This form is a continuation of the City of Los Angeles (the "Issuer") 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 Issuer 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: Normandie Seniors Apartments

Name of Bond Issuer: City of Los Angeles

CDLAC Application No.: 14-027 and 14-137

Pursuant to Section 13 of Resolution No. 14-24, adopted by the California Debt Limit Allocation Committee (the "Committee") on March 19, 2014, and Resolution No. 14-124, adopted by the Committee on December 10, 2014 (together, the "Resolution") I, \_\_\_\_\_, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocations or any other available remedy.

*Please check or write N/A to the items listed below:*

\_\_\_\_\_ The project is currently in the Construction or Rehabilitation phase.

\_\_\_\_\_ The project has incorporated the minimum specification into the project design for all new construction and rehabilitation projects as evidenced by the attached third party certification (HERS Rater, Green Point Rater or US Green Building Council). For project under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

\_\_\_\_\_ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

Phone Number

**EXHIBIT F**

[RESERVED]

**EXHIBIT G**  
**CDLAC RESOLUTION**



**EXHIBIT H**

**FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE**