

LOAN AND SECURITY AGREEMENT

among

CITY OF LOS ANGELES,

MARTHA BRYANT VILLAGE II, L.P.,

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent,

and

BOSTON PRIVATE BANK & TRUST COMPANY,
as Funding Lender

providing for the issue of

\$9,500,000
City of Los Angeles
Multifamily Mortgage Revenue Note
(Martha Bryant Manor Apartments)
Series 2014J

Dated as of December 1, 2014

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (together with any supplemental Loan and Security Agreements, the “Loan Agreement”) is made as of December 1, 2014, among **CITY OF LOS ANGELES**, a municipal corporation and charter city of the State of California (together with its successors and assigns, the “Governmental Lender”), **MARTHA BRYANT VILLAGE II, L.P.**, a California limited partnership (the “Borrower”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, with a principal office located in Los Angeles, California, as Fiscal Agent (together with any successor fiscal agent hereunder, the “Fiscal Agent”) and **BOSTON PRIVATE BANK & TRUST COMPANY**, a Massachusetts chartered trust company (together with any successor Funding Lender hereunder, the “Funding Lender”).

Terms defined in this Loan Agreement are used as defined. Unless otherwise indicated, references to Articles or Sections refer to those in this Loan Agreement. The words “including,” “included,” and “include” shall, unless the context requires otherwise, be deemed to be followed by the words “without limitation.”

RECITALS

WHEREAS, pursuant to Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the City of Los Angeles Administrative Code, as amended (collectively, 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”), the Governmental Lender is empowered to issue its revenue bonds, notes or other evidences of indebtedness to finance the acquisition, rehabilitation, construction and development of multifamily rental housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Act and the Law authorize the Governmental Lender: (a) to make loans to provide financing for multifamily residential housing located within the jurisdiction of the Governmental Lender; (b) to issue its revenue bonds, notes or other evidence of indebtedness 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 incurrence of such indebtedness of the Governmental Lender; and (c) to pledge all or any part of the revenues and receipts to be received by the Governmental Lender from or in connection with such loans in order to secure the payment of the principal or prepayment amount of and interest on such bonds, debentures, notes or other evidence of indebtedness; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Multifamily Mortgage Revenue Note, (Martha Bryant Manor Apartments) Series 2014J (the “Tax Exempt Note”) under its private activity volume cap described in Section 146 of the Code, evidencing its limited obligation to make the payments due to the Funding Lender under this Loan Agreement; and

WHEREAS, the Borrower has requested the Governmental Lender to enter into this Loan Agreement under which Funding Lender (a) will advance funds to or for the account of the Governmental Lender for the purchase of the Tax Exempt Note, and (b) apply the proceeds of the Tax Exempt Note to make a loan (the “Loan”) to the Borrower to finance the acquisition,

rehabilitation, construction and equipping of a multifamily rental housing development located at 8300 and 8327 South Hoover, Los Angeles, California, known as Martha Bryant Manor Apartments (the "Project"); and

WHEREAS, pursuant to this Loan Agreement, the Borrower agrees to make payments to the Governmental Lender in an amount which, when added to other funds available under this Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Tax Exempt Note and to pay all costs and expenses related thereto when due; and

WHEREAS, simultaneously with the delivery of this Loan Agreement, the Borrower will enter into a forward starting Swap Agreement (defined herein) and will be obligated to make payments thereunder; and

WHEREAS, the obligations of the Borrower under this Loan Agreement will be secured by a lien on and security interest in the Project pursuant to a [Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing] dated of even date herewith (as it may be supplemented or amended, the "Deed of Trust"), made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent.

NOW, THEREFORE, THIS LOAN AGREEMENT WITNESSETH:

In consideration of the mutual agreements contained in this Loan Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Governmental Lender, the Borrower, the Funding Lender and the Fiscal Agent agree as set forth herein for their own benefit and for the benefit of the Funding Lender and any future holder of the Tax Exempt Note, provided that any financial obligation of the Governmental Lender hereunder shall not be a general obligation of the Governmental Lender nor a debt or pledge of the faith and credit of the State of California, but shall be payable solely from the Funds and Revenues pledged under this Loan Agreement.

ARTICLE I

GRANTING CLAUSES OF BORROWER AND PLEDGE AND ASSIGNMENT BY GOVERNMENTAL LENDER

Section 1.01. Granting Clauses of Borrower. For and in consideration of the Loan to be made hereunder and in order to secure (a) the payment of \$9,500,000, with interest thereon and premium due, if any, in the amounts and at the times provided in the Tax Exempt Note (unless the outstanding principal balance of the Tax Exempt Note shall be earlier paid as provided in the Tax Exempt Note), (b) the payment of all other charges provided for in this Loan Agreement and all other moneys secured hereby, (c) the satisfaction and performance of all covenants and agreements contained in this Loan Agreement, and (d) the payment and performance of any and all of the Loan Documents, the Borrower does hereby grant, bargain, sell, convey, assign, transfer, and grant a security interest to the Fiscal Agent and to its successors and assigns, in any Fund or account established under this Loan Agreement, and all products and proceeds of any of the foregoing.

Section 1.02. Pledge and Assignment by Governmental Lender. The Governmental Lender assigns and pledges to the Fiscal Agent in trust upon the terms hereof (a) all Revenues to

be received from the Borrower or derived from any security provided hereunder, (b) all rights to receive such Revenues and the proceeds of such rights, (c) all funds and investments held from time to time in the Funds (except the Expense Fund) established under this Loan Agreement and (d) all of its right, title and interest in this Loan Agreement, including enforcement rights and remedies but excluding the following "Reserved Rights": (i) the rights of the Governmental Lender pursuant to provisions for consent, concurrence, approval or other action by the Governmental Lender, notice to the Governmental Lender or the filing of reports, certificates or other documents with the Governmental Lender; (ii) the right of the Governmental Lender to any payment or reimbursement pursuant to Section 10.01(b), Section 10.03 and Section 8.03(a), (c) and (d); and (iii) the powers of the Governmental Lender as stated herein to enforce such rights set forth in subclauses (i) and (ii) above.

ARTICLE II

DEFINITIONS

The following terms as used in this Loan Agreement, the Tax Exempt Note, and any certificate or document executed in connection therewith shall have the following meanings (or are defined elsewhere in this Loan Agreement as indicated below) unless the context otherwise indicates. All accounting terms not specifically defined herein shall be construed in accordance with GAAP, consistently applied.

"Act" has the meaning assigned to such term in the recitals above.

"Additional Payments" means the amounts required to be paid by the Borrower under Section 10.01(b).

"Approved Transferee" means (a) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the "Securities Act") that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (b) an affiliate of the Funding Lender, or (c) a trust or custodial arrangement established by the Funding Lender, one of its affiliates or another QIB, the beneficial interests in which will be owned only by QIBs without restriction as to the form of business or capital and surplus.

"Assignment" means the Assignment of Project Documents dated as of [DATED DATE] by the Borrower in favor of the Funding Lender.

"Assignment of Deed of Trust" means the Assignment of Deed of Trust and Loan Documents dated as of December 1, 2014 by the Governmental Lender in favor of the Fiscal Agent.

"Assignment of Management Agreement" means the Assignment of Management Agreement dated as of December 1, 2014 by the Borrower, the Funding Lender and Barker Management, Inc., a California corporation, as manager.

"Authorized Attesting Officer" means the City Treasurer of the Governmental Lender, or such other officer or official of the Governmental Lender who, in accordance with the laws of the

State, the bylaws or other governing documents of the Governmental Lender, or practice or custom, regularly attests or certifies official acts and records of the Governmental Lender, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Officer” means the Mayor, the General Manager, any Interim General Manager, Assistant General Manager or Interim Assistant General Manager, Executive Officer or the Director or Acting Director—Finance and Development Division of the City of Los Angeles Housing and Community Investment Department, and any other, officer or employee of the Governmental Lender designated to perform a specified act, to sign a specified document or to act generally on behalf of the Governmental Lender as evidenced by a written certificate furnished to the Funding Lender, the Fiscal Agent and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender by the Mayor, the General Manager, any Interim General Manager, any Assistant General Manager or Interim Assistant General Manager, Executive Officer or the Director or Acting Director—Finance and Development Division of the City of Los Angeles Housing and Community Investment Department. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Officer.

“Authorized Signatory” means the person designated to act for the Fiscal Agent by written certificate furnished to the Governmental Lender, the Funding Lender and the Borrower.

“Bankruptcy” means the filing of a petition in bankruptcy (or the commencement of a bankruptcy or similar proceeding) by or against the Borrower or the Governmental Lender under any applicable bankruptcy, insolvency, reorganization, or similar law now or hereafter in effect which, in the case of a proceeding brought against the Borrower or the Governmental Lender, is not dismissed within 60 days.

“Borrower” has the meaning given such term in the first paragraph of this Loan Agreement.

“Business Day” means any day other than (a) a Saturday, (b) a Sunday, or (c) any other day on which banks are authorized or required to be closed in Boston, Massachusetts or the municipality in which the Principal Office of the Fiscal Agent is located.

“Capital Assets” means, with respect to the Borrower, as to any fiscal period, assets that in accordance with GAAP are required or permitted to be amortized or depreciated on a statement of financial position.

“Capital Leases” means, with respect to the Borrower, leases, conditional sales contracts, and other title retention agreements relating to the purchase or acquisition of Capital Assets.

[*“Cash Collateral Assignment and Security Agreement”* means the Cash Collateral Assignment and Security Agreement dated as of December 1, 2014 among the Borrower, Wilmington Trust, N.A., as collateral agent and the Funding Lender.]

“Closing Costs” shall mean the Governmental Lender’s Closing Fee and the fees, costs, expenses and other charges incurred in connection with the Funding Lender’s purchase of the Tax Exempt Note and the Governmental Lender’s funding of the Loan with the proceeds of the Tax