

# TRANSMITTAL

To:

**THE COUNCIL**

Date: 9/6/2018

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name.

**ERIC GARCEITI**  
Mayor

(Ana Guerrero) for



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

**Housing Development Bureau**  
1200 West 7th Street, Los Angeles, CA 90017  
tel 213.808.8638 | fax 213.808.8610  
hcidla.lacity.org

September 5, 2018

Council File: New  
Council District: 14  
Contact Persons: Apolinar Abrajan (213) 808-8947  
Magdalina Zakaryan (213) 808-8592  
Edwin C. Gipson II (213) 808-8597  
Sean L. Spear (213) 808-8901

Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR AUTHORITY TO ISSUE TAX-EXEMPT  
MULTIFAMILY CONDUIT REVENUE BONDS IN THE AMOUNT UP TO \$200,000,000 FOR  
THE GRAND AVENUE PARCEL Q APARTMENTS PROJECT**

**SUMMARY**

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to issue tax-exempt multifamily conduit revenue bonds in an amount not to exceed \$200,000,000 for the Grand Avenue Parcel Q Apartments (Project). The California Debt Limit Allocation Committee (CDLAC) designated January 28, 2019 as the bond issuance deadline for the Project. In addition, per a Disposition and Development Agreement (DDA) the Project construction work must start by November 1, 2018; therefore, the project must close construction financing by October 25, 2018.

**RECOMMENDATIONS**

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

- I. Adopt the Resolution provided as Attachment A to this report, authorizing the issuance of up to \$200,000,000 in tax-exempt multifamily conduit revenue bonds for the Grand Avenue Parcel Q Apartments;
- II. Approve a waiver of certain aspects of the City of Los Angeles' Multi-Family Bond Policies and Procedures (MFBPP), dated April 2005, with respect to the issuance of un-rated, non-credit enhanced bonds and allow transfer of ownership of the bonds to multiple bond holders; and

- III. Authorize the General Manager of HCIDLA or designee, to negotiate and execute the relevant bond documents for the Project, subject to the approval of the City Attorney as to form.

## **BACKGROUND**

### **Project Summary**

The Grand Avenue Parcel Q Apartments will be located at 100 S. Grand Avenue and 151 S. Olive Street, Los Angeles, CA, in Council District 14. The site is currently operated as a parking structure. The development will come about via a ground lease and entails the demolition of the existing structure and the new construction of a multi-story tower, which will consist of 436 residential rental housing units – 323 units with a luxury rental component and 113 units with an ultra-premium component. The 323-unit component of the tower will contain 89 affordable rental housing units, one manager's unit, and 233 Fair Market Rate (FMR) rental housing units. The 89 units will be intermixed with the 233 FMR units. The affordable rental units will be available to anyone who is income-qualified.

The project amenities will include a community room, pool, spa, exercise room, demonstration kitchen, private dining room and catering kitchen, landscaped outdoor seating areas, outdoor BBQ grills, media room, game room, outdoor terrace, dog spa, multipurpose library, conference center, subterranean parking, laundry room in each housing unit, and elevator service. Self-parking for tenants of affordable units will be offered at a discounted price.

The Grand Avenue Parcel Q Apartments is part of a larger development referred to as the Grand Avenue Project, which will contain residential, hotel, retail, and parking components (five components total). The two residential rental housing components (323 luxury rental units with affordable housing, and 113 ultra-premium rental units) will share a single residential tower, with the 113 ultra-premium rental units located on floors 25-41, above the 323 luxury rental units containing the affordable housing. The 113 ultra-premium units will be operated as rentals, but in the future may be converted and sold as condominiums. The 89 affordable rental units represent 20% of the total 436 residential rental units. A hotel component will be located in a separate tower, with a retail component located in a shared podium beneath the two towers. A subterranean parking component will be located below the podium. All five components will be developed under separate ground leases.

### **Disposition Development Agreement and Ground Lease**

On September 2, 2003, the County of Los Angeles (County), and the Community Redevelopment Agency of the City of Los Angeles (CRA) formed the Los Angeles Grand Avenue Authority, a California joint powers authority (Authority).

On March 5, 2007, the Authority and Grand Avenue L.A., LLC (GALA), a Delaware limited liability company, entered into a DDA. In addition, a Phase I Ground Lease (GL) was entered into by the Authority and GALA. The purpose of the DDA is to cause the development of real property adjacent to the Los Angeles downtown Civic Center and Music Center with retail, hotel, office, and housing (including affordable housing). The current development phase includes the currently proposed Project. As the owner of the land for the proposed Project, the County leased the site to the CRA; the CRA subleased the site to the Authority; and the Authority has further subleased the site to GALA. Subsequently, the DDA was amended on August 23, 2010 (First Amendment); May 31, 2011 (Second Amendment); December 10, 2012 (Third Amendment); and January 21, 2014 (Fourth Amendment). On

December 28, 2016 a Fifth Amendment to the DDA was executed and the First Amendment to the GL was also executed.

The Fifth Amendment to the DDA was entered into by the Authority, GALA, and CORE/Related Grand Ave Owner, LLC (CRGAO), a Delaware limited liability company. Per the Fifth Amendment to the DDA, GALA assigned its interests, rights, and obligations under the DDA to CRGAO.

The First Amendment to the GL was entered into by the Authority and CRGAO. Per the First Amendment to the GL, GALA assigned its rights, title and interests under the lease to CRGAO; and the CRA was redefined as CRA/LA, a designated local authority and successor to the CRA.

Prior to, or concurrently, with the closing of the construction financing and issuance of the bonds, CRGAO will assign its rights in the DDA and GL to each of the five separate owners of the five development components. There will be five separate 99-year ground leases between the Authority and the five separate owners. During the construction phase, the bond purchaser will utilize different funding structures to finance all five components and the five individual ground leases will be cross defaulted and cross collateralized. Post construction, the five ground leases' cross defaults and collateralization will be severed, resulting in five separate and independent ground leases.

#### Ownership:

Each of the five components will be developed under ground leases with the different owners: CORE/Related GALA Hotel, LLC (for hotel component); CORE/Related GALA Retail, LLC (for retail component); CORE/Related GALA Parking, LLC (for parking component); CORE/Related GALA Premium, LLC (for the 113 ultra-premium units); and CORE/Related GALA Rentals, LP (for 323 units containing the affordable housing). Following construction completion of the Grand Avenue Project, the five components will be subdivided. The land for the five components is currently owned by the County.

#### Financing History

On May 3, 2018, HCIDLA executed an inducement letter in the amount not to exceed \$250,000,000. The letter evidenced the official intent of the City of Los Angeles (City) to issue bonds for the development. The letter was executed per previous authority granted to HCIDLA by the City Council and Mayor (C.F. No. 04-2646). On May 18, 2018, on behalf of the sponsor, HCIDLA submitted an application to CDLAC requesting \$200,000,000 in tax-exempt bond issuance authority. A copy of the inducement letter and evidence that the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements have been met were needed and included as part of the bond application. Per the TEFRA requirements, on June 13, 2018, a TEFRA Resolution was approved by City Council and the Mayor (C.F. No. 18-0473). The TEFRA Resolution summarized that a public hearing was publicized, took place, and that the hearing minutes were provided to the City Council and the Mayor. Evidence of the TEFRA process was supplied to CDLAC in time to meet CDLAC's June 19, 2018 TEFRA evidence due date. On July 18, 2018, CDLAC provided the \$200,000,000 bond allocation.

#### Affordability Restrictions

Pursuant to HCIDLA's MFBPP, the Project must provide a public benefit. Therefore, in connection with the issuance of the tax-exempt bonds, one or more Bond Regulatory Agreements will be executed and recorded in the official records of the Los Angeles County Recorder's Office. Each Bond Regulatory Agreement will include affordability restrictions throughout a term ending no sooner than the later of: 1)



55 years after the date on which 50% of the dwelling units are first occupied; 2) the date such bonds are paid in full; or, 3) the date on which any Section 8 assistance terminates, if applicable. In addition to the above, the bond award includes a CDLAC Resolution, which requires that the Project's affordable housing units remain affordable for 55 years.

The Project will also have affordability restrictions applied under a separate agreement with the California Tax Credit Allocation Committee (CTCAC), for a term of 55 years, as a result of the July 18, 2018 allocation of 4% Low Income Housing Tax Credits (LIHTCs).

Of the 436 total rental units, only 323 will be financed with tax-exempt bonds, 89 of which will be set aside for households at or below 50% of the Area Median Income (AMI). Table 1, below, provides a summary of the Project's unit mix.

<b>Table 1 Affordability Restrictions</b>						
<b>Unit Type</b>	<b>Units at 30% AMI</b>	<b>Units at 40% AMI</b>	<b>Units at 50% AMI</b>	<b>Fair Market Rate</b>	<b>Un-restricted (Manager's Unit)</b>	<b>Total Number of Units</b>
Studio	0	3	18	70	0	91
One-Bdr.	0	6	30	104	0	140
Two-Bdr.	0	4	25	53	1	83
Three-Bdr.	0	1	2	6	0	9
<b>Total</b>	<b>0</b>	<b>14</b>	<b>75</b>	<b>233</b>	<b>1</b>	<b>323</b>

The remaining 113 units will not be financed by tax-exempt bonds and will include 11 studio units, 38 one-bedroom units, 61 two-bedroom units, and three three-bedroom units.

#### Development Team

The Borrower/Sponsor is CORE/Related GALA Rentals, L.P., a Delaware limited partnership; the Sponsor is a foreign limited partnership that is qualified to transact business in the state of California. The Sponsor is comprised of CORE/Related GALA Rentals HoldCo LLC, a Delaware limited liability company, as general partner, and CORE/Related Grand Ave JV, LLC, a Delaware limited liability company as initial limited partner.

CORE/Related Grand Ave Holdings, LLC (CRGAH), a Delaware limited liability company, is the sole member of the general partner. CORE/Related Grand Ave JV, LLC, a Delaware limited liability company, is the sole member of CRGAH. Related Grand Avenue, LLC (RGA), a Delaware limited liability company, is the managing member of CRGAH. The Related Companies, L.P. (RC), a New York limited partnership, is the Sole Member of RGA. The Related Realty Group, Inc., a Delaware corporation is the sole general partner of RC.

The Board of Directors of The Related Realty Group, Inc. are: Stephen M. Ross, Jeff T. Blau, and Michael J. Brenner. The Sponsor/Borrower entity is currently in compliance with HCIDLA's Business Policy (Council File No. 99-1272).

The 89 affordable units and one manager's unit will be initially owned by the Sponsor; at completion of construction, they will be conveyed via a long-term master airspace sublease to CORE/Related GALA Affordable, L.P. The Sponsor's structure will be comprised of: CORE/Related GALA Rentals HoldCo, as administrative general partner; Affordable Housing Access, Inc., a non-profit corporation, as

managing general partner; and a to-be-determined low-income housing tax credit equity investor, who will be admitted as initial limited partner following the closing of construction financing.

The master developer, Grand Avenue Parcel Q Developer, LLC, will handle development of the five components. The master developer has previously been involved with the development of 71 multifamily rental housing projects resulting in a total of 9,809 housing units.

Borrower/Sponsor: CORE/Related GALA Rentals, L.P.  
333 S. Grand Avenue, Ste. 4450  
Los Angeles, CA 90071  
Contact: Steven Oh, Senior Vice President  
Phone: (213) 984-4110

Additional Project development team members are:

Architect: Gehry Partners  
12541 Beatrice St.  
Los Angeles, CA 90066  
Contact: Tensho Takemori  
Phone: (310) 482-3000

Attorney: Paul Hastings, LLP (general counsel)  
200 Park Avenue  
New York, NY 10166  
Contact: Peter Olsen  
Phone: (212) 318-6820

General Contractor: to be determined

Property Manager: Related Management Company  
18201 Von Karman Ave., Suite 900  
Irvine, CA 92612  
Contact: Bill Brake  
Phone: (949) 660-0390

Tax Credit Investor: (to be determined at the time of permanent financing phase)

### Financial Structure

To assist in financing the development of the Project, the City of Los Angeles, as Issuer, will issue its tax-exempt bonds in the form of a Bond that will be unenhanced and unrated but will be subject to the HCIDLA's MFBPP. The Bond will be privately placed and purchased by Deutsche Bank AG New York Branch (DB) or an affiliate thereof. The Issuer will fund a loan (Construction Loan) with the Bond proceeds to the Borrower in an amount not to exceed \$200,000,000, pursuant to the terms of a loan agreement between the Issuer and the Borrower.

The construction of the retail, hotel, and parking components will be financed with separate financing from DB. In addition, all five Owners/Borrowers will enter into a Construction Funding Agreement (CFA) with DB. To evidence the payment obligations under the Construction Loan, the Borrower will

execute and deliver a Note. The obligations of the Borrower and other four Owners under the individual notes, including the Note, and with respect to the CFA, will be secured in the five components pursuant to a Construction Deed of Trust (Trust Deed).

At the time of construction finance closing and issuance of the Bonds, the Issuer will assign to the Trustee all of the rights and privileges the Issuer has under the Construction Loan. Among its various functions, the Trustee will receive funds advanced by DB in exchange for the additional principal amount of the Bond and release such funds to the Borrower for project construction. The Construction Loan will be non-amortizing, will mature in four years, require interest only payments, and shall bear interest with a fixed rate of interest, currently estimated at 5% per annum.

At conversion to permanent financing, the Construction Loan will be paid down to \$184,260,433 and become a permanent tax-exempt bond loan; the Construction Loan will be paid down with sources available at the time of permanent financing. The permanent lender and terms of the permanent loan will be determined at the time of conversion to permanent financing.

Other financing will be provided by the CRA/LA, Authority, and tax credit equity. Per the DDA, the CRA/LA will provide: \$1,000,000 for Streetscape improvements; \$8,900,000 for Housing Subsidy; \$5,000,000 for Offsite Publicly Owned Improvements; and \$4,600,000 for Public Space Improvements. The Authority will provide \$8,000,000 as reimbursements. Separately, the financing will include \$11,275,673 from a to-be-determined tax investor, as 4% tax credit equity. The tax credit equity will not be needed until the permanent financing phase.

In addition, DB has requested a waiver of certain MFBPP related to the issuance of un-rated, non-credit enhanced bonds and allow transfer of ownership to multiple bond holders. Currently, the Bond will be purchased by a single entity under a private placement structure (as the City's policy requires for issues without credit enhancement). The waiver approval will provide DB the future option to transfer ownership of the Bond to a limited number of multiple bond holders without credit enhancement. HCIDLA has agreed to the request as the waivers maintain the City's protections intended by the MFBPP and prevent the City from incurring undue risk and liability. The City's Bond Counsel, Financial Advisor, and City Attorney have reviewed the proposal and assessed no undue risk or liability to the City.

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

#### Sources and Uses

Tables 2, 3, and 4, below, provide a summary of the sources and uses for the project, including the cost per unit and cost category percentages.

<b>Table 2 – Construction Sources</b>			
<b>Construction</b>	<b>Total Sources</b>	<b>Per Unit</b>	<b>% Total</b>
Tax-Exempt Bonds (DB)	\$200,000,000	\$619,195	90%
Deferred Operating Reserve	\$1,118,106	\$3,462	1%
CRA/LA Housing Subsidy	\$8,900,000	\$27,554	4%
Offsite publically owned improvement	\$5,000,000	\$15,480	2%
Extension Fees Reimbursement	\$8,000,000	\$24,768	3%
<b>TOTAL</b>	<b>\$223,018,106</b>	<b>\$690,459</b>	<b>100%</b>

<b>Table 3 – Permanent Sources</b>			
<b>Permanent</b>	<b>Total Sources</b>	<b>Per Unit</b>	<b>% Total</b>
Tax-Exempt Bonds (DB)	\$184,260,433	\$570,466	83%
4% Tax Credit Equity	\$11,257,673	\$34,853	5%
CRA/LA Housing Subsidy	\$8,900,000	\$27,554	4%
Offsite publically owned improvements	\$5,000,000	\$15,480	2%
Public space improvements	\$4,600,000	\$14,242	2%
Phase I streetscape	\$1,000,000	\$3,096	0%
Extension Fees Reimbursement	\$8,000,000	\$24,768	4%
<b>TOTAL</b>	<b>\$223,018,106</b>	<b>\$690,459</b>	<b>100%</b>

<b>Table 4 – Uses of Funds</b>		
<b>Uses of Funds</b>	<b>Total Uses</b>	<b>Cost/Unit</b>
Land / Acquisition	\$10,328,644	\$31,977
Appraisal	\$113,934	\$353
HC Contingency	\$6,080,133	\$18,824
New Construction	\$123,547,623	\$382,500
Architecture & Engineering	\$17,975,893	\$55,653
Construction Interest & Fees	\$31,291,491	\$96,878
Developer Costs	\$15,410,951	\$47,712
Legal Fees	\$3,256,174	\$10,081
Reservation & Local Dev. Impact	\$6,818,445	\$21,110
Other Soft Costs	\$8,194,818	\$25,371
<b>TOTALS</b>	<b>\$223,018,106</b>	<b>\$690,459</b>

HCIDLA's Bond Team for the financing of the Grand Avenue Parcel Q Apartments project is as follows:

Bond Issuer's Municipal Advisor  
CSG Advisors, Inc.  
315 W. 5<sup>th</sup> Street, Suite 302  
Los Angeles, CA 90013

Bond Issuer Counsel  
Los Angeles City Attorney  
200 N. Main Street, 9<sup>th</sup> Floor  
Los Angeles, CA 90012

Bond Counsel  
Kutak Rock LLP  
777 S. Figueroa Street, Suite 4550  
Los Angeles, CA 90017

#### Labor Costs

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

#### **FISCAL IMPACT STATEMENT**

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

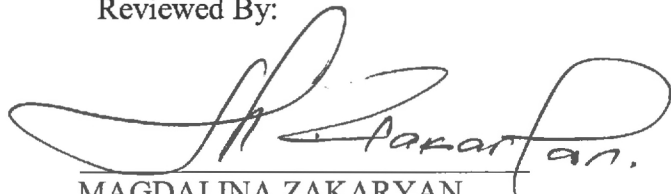


**HCIDLA Request for Issuance of Bonds for the Grand Avenue Parcel Q Apartments Project**


Prepared By:

  
APOLINAR ABRAJAN  
Finance Development Officer I


Reviewed By:

  
MAGDALINA ZAKARYAN  
Finance Development Officer II

Reviewed By:

  
EDWIN C. GIPSON II  
Director of Housing and Development

Reviewed By:

  
SEAN L. SPEAR  
Assistant General Manager

Reviewed By:

  
LAURA K. GUGLIELMO  
Executive Officer

Approved By:

  
RUSHMORE D. CERVANTES  
General Manager

Attachment A – Bond Resolution  
Attachment B – Trust Indenture  
Attachment C – Loan Agreement  
Attachment D – Regulatory Agreement  
Attachment E – Bond Placement Agreement

**Attachment A**

*Bond Resolution for Grand Avenue Parcel Q on next page.*

**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 MORTGAGE REVENUE BOND (GRAND AVENUE PARCEL Q APARTMENTS) SERIES 2018F IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000 TO PROVIDE FINANCING FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE MULTIFAMILY HOUSING PROJECT SPECIFIED IN PARAGRAPH 17 HEREOF AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, LOAN AGREEMENT, BOND PLACEMENT 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 bond for the purposes of providing permanent financing for the acquisition, construction and development of multifamily rental housing for persons and families of low or moderate income (the “Program”) which will satisfy the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the “Act”); and

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

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

WHEREAS, it is in the public interest and for the public benefit that the City authorize 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 Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F (the “Bond”) in a principal amount not to exceed \$200,000,000; 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, Hilltop Securities, Inc., as placement agent (the “Placement Agent”), has expressed the intention of the Placement Agent to place the Bond with Deutsche Bank

Securities, Inc. or Deutsche Bank Trust Companies Americas, its affiliate (“Deutsche Bank”) pursuant to the terms of a Bond Placement Agreement (the “Bond Placement Agreement”) among the City, the below-defined Owner, Deutsche Bank and the Placement Agent; and

WHEREAS, this Council (the “City Council”) finds that the public interest and necessity require that the City at this time make arrangements for the placement 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 May 5, 2018 to the effect that a public hearing would be held on May 21, 2018 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; and

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

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

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

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

2. Pursuant to the Law and in accordance with the Act and the Indenture (as hereinafter defined), a revenue bond of the City, to be designated as “City of Los Angeles Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F” in an aggregate principal amount not to exceed \$200,000,000 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 an Indenture of Trust (the “Indenture”) by and between the City and such party as shall be designated by the City in the final form of Indenture, as trustee (the “Trustee”), providing for the issuance of the Bond, substantially in the form attached hereto, is hereby approved along with any additions or supplements which may, in the determination of a Designated Officer, be necessary to document the issuance of the Bond authorized hereunder. The Mayor of the City, the General Manager, any Acting General Manager, the Interim General Manager or any Assistant General Manager, Acting Assistant General Manager, Interim Assistant General Manager, Executive Officer, Acting Director or Director—Finance and Development Division of the Housing Development Bureau 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 amounts 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 or through the Placement Agent in accordance with the Indenture and the Loan Agreement (hereinafter defined). The date, maturity date, interest rates (which may be either fixed or variable), interest payment dates, denomination, form



of registration privileges, manner of execution, place of payment, terms of redemption, use of proceeds, 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 \$200,000,000, the interest rate on the Bond shall not exceed 12% per annum and the final maturity of the Bond shall be no later than October 1, 2058. The initial purchase price of the Bond shall be 100% of the par amount thereof as the purchase or advances are made with respect to the Bond by the owner thereof. The Bond may, if so provided in the Indenture, be issued as “draw-down” bonds 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 17 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 one or more Regulatory Agreements, 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 by and between the City and the Owner (the “Loan Agreement”), 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. The proposed form of Bond Placement Agreement among the City, the Placement Agent, Deutsche Bank and the Owner (the “Bond Placement Agreement”), in substantially the form attached hereto, is hereby approved. Any Designated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Bond Placement Agreement, with such additions, changes or corrections as the Designated Officer executing the same may approve upon consultation with the City Attorney and Bond Counsel and approval by the City Attorney, such approval to be conclusively evidenced by the execution of the Bond Placement Agreement with such additions, changes or corrections.

8. 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, the Bond Placement Agreement and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bond and the implementation of the Program in accordance with the Act and the Law and this Resolution and resolutions heretofore adopted by the City.

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

10. In addition to the Designated Officers, any official of the City, including any official of the Los Angeles Housing 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.

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

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

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

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

issues arising with respect to the Bond or the agreements relating thereto subsequent to their issuance.

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

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

17. The “Project” and “Owner”, as used herein, shall have the following meanings

<b>Project Name</b>	<b>Number of Units</b>	<b>Address</b>	<b>Owner</b>
Grand Avenue Parcel Q Apartments	323 (including 1 manager unit)	100 S. Grand Avenue, Los Angeles, CA 90012 and 151 S. Olive Street, Los Angeles, CA 90012	CORE/Related GALA Rentals, 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 \_\_\_\_\_, 2018.

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

**Attachment B**

*Trust Indenture for Grand Avenue Parcel Q on next page.*



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**INDENTURE OF TRUST**

by and between

**CITY OF LOS ANGELES,**  
as Issuer

and

**[TRUSTEE],**  
as Trustee

relating to:

[\$[200,000,000]  
City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

Dated as of October 1, 2018

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EXHIBIT F	[NOTICE OF SUBORDINATE BOND]



## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST**, dated as of October 1, 2018 (this “Indenture”), is by and between the **CITY OF LOS ANGELES**, a charter city and municipal corporation of the State of California, duly organized and existing under its charter and the laws of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”), and [\_\_\_\_\_], a national banking association organized and existing under the laws of the United States of America, as Trustee hereunder (herein called the “Trustee”). Capitalized terms used in this Indenture have the meanings given to them in the Recitals hereto and in Section 1.01 hereof.

### RECITALS:

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 to finance the acquisition, construction and development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, the Issuer proposes to issue pursuant to the Law and in accordance with the Act, its Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F (the “Bond”); and

WHEREAS, the proceeds of the Bond will be used to fund a loan (the “Loan”) to CORE/Related Gala Rentals, LP (the “Borrower”) pursuant to the Loan Agreement, dated as of October 1, 2018 (the “Loan Agreement”), between the Issuer and the Borrower and which Loan is authorized by the Law and the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Bond in order to provide financing necessary for the acquisition, construction and equipping of a 323 residential rental multifamily housing project (the “Project”); and

WHEREAS, the Project will include 89 rental housing units which will be affordable to very low income tenants and one manager’s unit (the “Affordable Project”), and 233 rental housing units which will be rented at market rates (the “Market Project”) to be located at 100 South Grand Avenue, Los Angeles, California (the “Property”) composing a portion of the real property (the “Overall Property”) located at such address in the Bunker Hill neighborhood in downtown Los Angeles, California; and

WHEREAS, the fee estate in the Property is owned by Los Angeles County, which ground leased the Property to the Community Redevelopment Agency, which in turn sub-ground leased the Property to the Joint Powers Authority (the “JPA”). The JPA then further subleased the Property to Borrower (the “Ground Lease”); and

WHEREAS, the Project is being constructed contemporaneously with construction of certain other improvements on the Overall Property consisting of (i) approximately 173,000 leasable square feet of retail space to be owned by CORE/Related GALA Retail, LLC (the “Retail Owner”) pursuant to a ground lease with the JPA, (ii) an Equinox branded hotel

containing approximately 308 rooms to be owned by CORE/Related GALA Hotel, LLC (the “Hotel Owner”) pursuant to a ground lease with the JPA, (iii) approximately [462,438] of gross square feet of parking space to be owned by CORE/Related GALA Parking, LLC (the “Parking Owner”) pursuant to a ground lease with the JPA ((i), (ii) and (iii) collectively, the “Mixed-Use Project”) and (iv) 113 ultra-premium residential units to be owned by CORE/Related GALA Premium, LLC (the “Premium Owner” and together with the Retail Owner, the Hotel Owner and the Parking Owner, the “Other Owners” and together with the Borrower, the “Owners”) pursuant to a ground lease with the JPA (the “Ultra-Premium Project” and together with the Project, the “Multifamily Project” and together with the Project and the Mixed-Use Project, the “Complete Project”); and

WHEREAS, in connection with the construction of the Complete Project, the Owners will enter into that certain Construction Loan Agreement, dated as of October 1, 2018 (the “Construction Loan Agreement”) with the Deutsche Bank AG, New York Branch (the “Agent Bank”) and Deutsche Bank Securities, Inc., as the Bondholder Representative hereunder [and certain other lenders referred to therein]; and

WHEREAS, to evidence its payment obligations under the Loan Agreement, the Borrower will execute and deliver a Multifamily Note dated as of the Closing Date (referred to herein as the “Note”); and

WHEREAS, the obligations of the Borrower and the Other Owners under the Note and with respect to the Construction Loan Agreement will be secured by a lien on and security interest in the Overall Property pursuant to a Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith (the “Deed of Trust”), made by the Owners to the Agent Bank; and

WHEREAS, the Complete Project is expected to be bifurcated as set forth in the Construction Loan Agreement (the “Bifurcation”) following physical completion between the Multifamily Project and the Mixed-Use Project as provided in the Construction Loan Agreement; and

WHEREAS, following Bifurcation, the Bond will solely be secured by Affordable Project as evidenced by the Post-Bifurcation Loan Documents and the other Loan Documents; and

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

WHEREAS, the Issuer has determined that all conditions, things and acts required by the Act, and by all other laws of the State, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bond exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bond for the purpose, in the manner and upon the terms herein provided; and

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

#### AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the Bond Obligations and the Borrower Payment Obligations and the performance and observance of the covenants and conditions herein and in the Bond contained, to declare the terms and conditions on which the Bond is secured, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bond by the Bondholder, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee (except as limited by this Indenture) for the benefit of the Bondholder, a lien on and security interest in the following described property (excepting, however, the Reserved Rights):

(a) All right, title and interest of the Issuer in, to and under the Loan Agreement and the Note, including, without limitation, all rents, revenues and receipts derived by the Issuer from the Borrower relating to the Project and including, without limitation, the Initial Bond Fund Deposit, all Pledged Revenues, Loan Payments and Additional Payments derived by the Issuer under and pursuant to, and subject to the provisions of, the Loan Agreement;

(b) All right, title and interest of the Issuer in, to and under, together with all rights, remedies, privileges and options pertaining to, the Bond Documents, and all other payments, revenues and receipts derived by the Issuer under and pursuant to, and subject to the provisions of, the Bond Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Trustee under this Indenture (but excluding the Expense Fund and the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein;

(d) [Reserved]; and

(e) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Loan Agreement may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any

and all such property as and for additional security for the Bond and to hold and apply all such property subject to the terms hereof;

TO HAVE AND TO HOLD all said property, rights and privileges of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said property, rights and privileges being herein collectively called, the “Trust Estate”) unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the benefit and security of the Bondholder, as herein provided, and otherwise to declare the terms and conditions upon and subject to which the Bond is to be issued and received, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the Registered Owner of the Bond, as follows:

## ARTICLE I

### DEFINITIONS AND GENERAL PROVISIONS

**Section 1.01. Definitions.** Unless otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

“*Act*” shall mean Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California as in effect on the Closing Date.

“*Act of Bankruptcy*” shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after the commencement thereof.

“*Additional Payments*” shall mean the payments payable by the Borrower pursuant to Section 5.01(d) and Section 6.14 of the Loan Agreement.

“*Administrator*” shall mean the Issuer, or any substitute or replacement administrator appointed by the Issuer as agent of the Issuer in the administration of the Regulatory Agreement.

“*Affiliate*” shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

“*Affordable Project*” shall have the meaning set forth in the Recitals.

“*Affordable Sublessee*” shall mean CORE/Related GALA Affordable, LP, a California limited partnership to be formed, and its successors and assigns.

“*Agent Bank*” shall have the meaning set forth in the Recitals.

“*Agreement*” or “*Loan Agreement*” shall mean the Loan Agreement, dated as of October 1, 2018, between the Issuer and the Borrower, pursuant to which the Issuer agrees to lend the proceeds of the Bond to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

“*Agreement of Environmental Indemnification*” shall mean the Environmental Compliance and Indemnification Agreement, dated as of the date thereof, among the Borrower, Guarantor and Agent Bank.

“*Agreement Regarding Conversion*” shall mean the Agreement Regarding Conversion, dated as of the date hereof, between the Borrower and Purchaser.

“*Amortization Schedule*” shall mean the schedule of monthly debt service payments on the Note as set forth therein, as such schedule may be amended from time to time.

“*Annual Fee*” when used with reference to the Issuer, means the Issuer’s ongoing annual fee as set forth in Section 7(n) of the Regulatory Agreement.

“*Approved Accounting Method*” shall mean generally accepted accounting principles consistently applied throughout the applicable period and applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report, or such other modified accrual or cash basis system of accounting approved by the Bondholder Representative which approval shall not be unreasonably withheld, conditioned or delayed.

“*Authorized Amount*” shall mean \$[\_\_\_\_\_], the authorized maximum principal amount of the Bond.

“*Authorized Attesting Officer*” shall mean the City Treasurer, Deputy City Treasurer, 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 Borrower Representative*” shall mean any person or persons who at the time and from time to time may be designated as such and authorized to act on behalf of the Borrower by a written certificate of the Borrower furnished to the Issuer, the Bondholder Representative, the Trustee and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity, which certificate may designate one or more alternates.

“*Authorized Denomination*” shall mean (a) the entire Outstanding principal amount of the Bond or (b) so long as the Bond is rated “A,” without regard to a modifier (or the equivalent) or higher by a Rating Agency, \$5,000 or any integral multiple in excess thereof.

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

*“Bankruptcy Code”* shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

*“Beneficial Owner”* shall mean the person in whose name a Bond is recorded as beneficial owner of such Bond by the Trustee on the records of the Trustee, or such person’s subrogee.

*“Bond”* shall mean the City of Los Angeles Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F, issued and Outstanding under this Indenture (including any supplemental indenture).

*“Bifurcation”* shall have the meaning set forth in the Recitals.

*“Bond Counsel”* shall mean Kutak Rock LLP or any other attorney at law or other firm of attorneys selected by the Issuer, of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

*“Bond Counsel Approving Opinion”* shall mean an opinion of Bond Counsel substantially to the effect that, based on existing laws, regulations, rulings and court decisions, the Bond constitutes a valid and binding obligation of the Issuer and that the interest on the Bond is excluded from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

*“Bond Counsel No Adverse Effect Opinion”* shall mean an opinion of Bond Counsel substantially to the effect that, in respect of an action, such action will not, in and of itself, adversely affect any exclusion of interest on the Bond from gross income for purposes of federal income taxation (subject to the inclusion of customary exceptions).

*“Bond Coupon Rate”* shall mean the rate of interest accruing on the Bond based on the Interest Rate Mode then in effect; provided that, following Loan Agreement Default, the Bond Coupon Rate shall equal the Default Rate. In addition, the Bond Coupon Rate is intended to be and shall be a pass-through rate with respect to interest on the Note and, accordingly, shall

include any interest payable under the Note in excess of interest at the foregoing rates. At no time may the Bond Coupon Rate exceed the Maximum Rate.

*“Bond Documents”* shall mean (i) the Loan Documents, (ii) this Indenture, (iii) the Regulatory Agreement, (iv) the Tax Certificate, (v) the Bond Placement Agreement, (vi) the Continuing Disclosure Agreement, (vii) UCC financing statements, (viii) such assignments of management agreements, contracts and other rights as may be reasonably required under the terms of any of the Bond Documents, (ix) all other documents evidencing, securing, governing or otherwise pertaining to the Bond or any other Bond Documents, and (x) all amendments, modifications, renewals and substitutions of any of the foregoing.

*“Bond Fund”* shall mean the fund by that name established pursuant to Section 5.02 hereof.

*“Bondholder Representative”* shall mean the Agent Bank prior to Bifurcation and thereafter the Person who is designated by the Bondowner to act as provided in Section 12.16(a) of this Indenture. The Bondholder Representative may appoint a third party to act as its representative in certain capacities, provided it does so in writing and provides such written designation to the Trustee and the Issuer.

*“Bond Obligation Account”* shall mean the Bond Obligation Account of the Bond Fund created pursuant to Section 5.02(a) of the Indenture.

*“Bond Obligations”* shall mean the obligation of the Issuer to pay the principal and purchase price of and the interest and premium, if any, on all Bond as required by this Indenture, and to make deposits to the Bond Obligation Account of the Bond Fund.

*“Bondowner,” “Holder,” “holder,” “Bondholder,” “Owner of the Bond,” “Registered Owner”* or *“owner of the Bond”* shall mean the Person in whose name the Bond is registered in the Bond Register maintained by the Trustee under Section 2.06.

*“Bond Payment Date”* shall mean (i) during any MMD Index Rate Mode, SIFMA Index Rate Mode, LIBOR Index Rate Mode, Weekly Interest Rate Mode or Daily Interest Rate Mode, the first Business Day of each month, following the conversion to such an Interest Rate Mode and ceasing on the Maturity Date; (ii) during any Fixed Interest Rate Mode or Term Rate Mode, (A) during a period when a Credit Facility does not enhance the Bond pursuant to Section 2.12, the first calendar day of each month, commencing on [December 1], 20[18] and ceasing on the Maturity Date or the last day on which the Bond is in a Term Rate Mode, as applicable, and (B) during a period when a Credit Facility enhances the Bond pursuant to Section 2.12, each [June 1 and December 1], commencing on the succeeding [June 1 or December 1] following the conversion to such Fixed Interest Rate Mode or Term Rate Mode, and ceasing on the Maturity Date or the last day on which the Bond is in a Term Rate Mode, as applicable; or (iii) any date the Bond is subject to redemption pursuant to the provisions hereof and the Maturity Date. In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day without accruing additional interest.

*“Bond Placement Agreement”* shall mean the Bond Placement Agreement by and among the Issuer, the Bond Purchaser, the Placement Agent and the Borrower, executed in connection with the Bond.

*“Bond Purchase Date”* shall mean, collectively, the date on which the Bond is subject to optional tender and purchase pursuant to the provisions of Section 11.01(a) hereof and each Mandatory Tender Date.

*“Bond Purchaser”* shall mean Deutsche Bank Securities, Inc. and its successors and assigns.

*“Bond Register”* shall mean the register maintained by the Trustee pursuant to Section 2.06 of this Indenture for the registration and transfer of the Bond.

*“Borrower”* shall mean CORE/Related GALA Rentals, LP, and its permitted successors and assigns under the Bond Documents to which it is a party.

*“Borrower Controlling Entity”* shall mean, if the Borrower is a partnership, any general partner or managing general partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower, or if the Borrower is a for profit corporation, the shareholders of the Borrower holding, in the aggregate, more than 50% of the voting control of the Borrower, or if the Borrower is a non-profit corporation, two thirds or more of the board of directors of the Borrower.

*“Borrower Payment Obligations”* shall mean all payment obligations of the Borrower under the Loan Documents and each of the other Bond Documents, including, but not limited to, the Loan Payments and the Additional Payments.

*“Business Day”* means a day of the week (but not a Saturday, Sunday, or holiday) on which the Principal Office of Trustee is open to the public for carrying on substantially all of Trustee’s business functions.

*“Capitalized Interest Account”* shall mean the Capitalized Interest Account of the Construction Fund created pursuant to Section 3.03(a) of this Indenture.

*“Certificate of Authentication”* shall mean the Certificate of Authentication attached to each Bond.

*“Certificate of the Issuer”* shall mean a certificate of the Issuer signed by an Authorized Issuer Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

*“Certified Resolution”* shall mean a copy of a resolution of the Issuer, certified by the Clerk of the Issuer, to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.



“*Closing Date*” shall mean October [\_\_\_], 2018, the date of initial delivery of the Bond.

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

“*Complete Project*” shall have the meaning set forth in the Recitals.

“*Completion Guaranty*” shall mean the Non-Recourse Exceptions, Completion, and Carry Guaranty, dated as of the date of this Indenture and delivered by the Guarantor in favor of the Agent Bank.

“*Computation Date*” shall have the meaning assigned to such term in Section 1.148-3(e) of the Regulations.

“*Condemnation*” shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

“*Conditions to Conversion*” shall have the meaning ascribed thereto in the Agreement Regarding Conversion.

“*Construction Completion Certificate*” shall mean the certificate delivered by the Borrower, in accordance with Section 3.03(g) hereof and the Regulatory Agreement, in such form as set forth in the Regulatory Agreement, which contains a certification regarding the “95% Requirement” referred to in Section 3.03(b) hereof has been satisfied.

“*Construction Fund*” shall mean the fund by that name established pursuant to Section 3.03(a) hereof.

“*Construction Loan Agreement*” shall have the meaning set forth in the Recitals.

“*Construction Period*” means the period beginning on the Closing Date and ending on the date on which the Construction Completion Certificate is delivered.

“*Continuing Disclosure Agreement*” shall mean that Continuing Disclosure Agreement, dated as of the date hereof, between the Borrower and the Trustee, as dissemination agent, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Bond subsequent to the Closing Date, as amended, supplemented or restated from time to time.

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

For purposes of this definition the term “beneficial equity interest” shall mean (i) in the case of a partnership, the partnership interests, (ii) in the case of a limited liability company, the voting membership interests, (iii) in the case of a corporation which issues voting shares, the issued and outstanding voting shares, and (iv) in the case of tax exempt corporation, the board of director members.

“*Conversion Date*” shall have the meaning ascribed thereto in the Agreement Regarding Conversion.

“*Conversion Notice*” means a written notice by the Servicer to the Issuer, the Trustee and the Borrower (i) stating that each of the conditions to conversion in the Agreement Regarding Conversion has been satisfied or, if any of such conditions to conversion has not been satisfied it has been waived in writing by the Servicer, and (ii) specifying the Conversion Date.

“*Costs of Issuance Deposit*” shall mean the amount of \$[\_\_\_\_\_] as set forth in Section 5.05.

“*Costs of Issuance Fund*” shall mean the Costs of Issuance Fund created pursuant to Section 5.02 of this Indenture.

“*Credit Facility*” shall mean (i) a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage backed security or other credit facility, collateral purchase agreement or similar agreement issued by a financial institution (including without limitation Fannie Mae or Freddie Mac) which provides security for the payment of (a) the principal of and interest on the Bond (but in no case less than all of the Outstanding Bond) when due, and (b) the Purchase Price of the Bond, in each case satisfactory to the applicable Rating Agency rating the Bond, or (ii) any substitute credit enhancement for any of the above.

“*Credit Facility Provider*” shall mean the provider of a Credit Facility.

“*Daily Interest Rate*” shall mean (i) the rate of interest per annum during a Daily Interest Rate Mode determined by the Remarketing Agent on an Interest Rate Determination Date to be the lowest interest rate for the Interest Rate Period commencing on such Interest Rate Determination Date and applicable through the next succeeding Interest Rate Determination Date, in the reasonable judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bond could be remarketed at par, plus the accrued interest, if any; or (ii) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Daily Interest Rate for whatever reason, or the Daily Interest Rate cannot be determined pursuant to clause (i) for whatever reason (including that a date is not a Business Day), the USD-SIFMA Municipal Swap Index then in effect; provided that in no event shall the Daily Interest Rate exceed the Maximum Rate.

“*Daily Interest Rate Mode*” shall mean the interest rate mode during any period when the Bond bears interest at a Daily Interest Rate.

*“Debt Service”* means the scheduled amount of interest and amortization of principal payable on the Bond during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

*“Deed of Trust”* shall have the meaning set forth in the Recitals prior to Bifurcation and thereafter shall mean the deed of trust delivered for the purpose of securing the obligations of the Borrower under the Loan Documents in connection with Bifurcation as provided in the Construction Loan Agreement, as such deed of trust may be originally executed or as from time to time supplemented or amended.

*“Default”* shall mean a Loan Agreement Default.

*“Default Rate”* means a rate per annum equal to the lesser of (i) the maximum rate permitted by applicable law, or (ii) the default rate set forth in the Note, in each case compounded monthly (computed on the basis of actual days elapsed in a 365- (or 366-) day year), as applicable.

*“Defeasance Rate”* shall mean the lesser of (i) 12% per annum and (ii) the known interest rate on the Bond for a given period.

*“Determination of Taxability”* shall mean, (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 in which Issuer and Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by Trustee or Bondholder Representative, at the request of the Issuer, the Borrower, the Trustee or the Bondholder Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond is includable in gross income for federal income tax purposes of any Bondholder or any former Bondholder, other than a Bondholder who is a Substantial User of the Project or a Related Person; provided, however, that no such Determination of Taxability under clause (i) or (iii) shall be deemed to have occurred if the Issuer (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the Issuer or the Borrower, as the case may be, or (c) one year from the date of initial determination.

*“Dissemination Agent”* shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

*“Eligible Funds”* shall mean (i) in the case the Bond is not credit enhanced with a Credit Facility, any moneys held by the Trustee in any fund or account under this Indenture and available, pursuant to the provisions hereof, to be used to pay principal of, premium, if any, or interest on, the Bond, and (ii) in the case the Bond is credit enhanced by a Credit Facility, (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by the Borrower, any general partner, member or guarantor of the Borrower or the Issuer), (b) proceeds received pursuant to the Credit Facility, (c) proceeds of the Bond

received contemporaneously with the issuance and sale of the Bond, (d) refunding bond proceeds, (e) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (f) money delivered to the Trustee and accompanied by a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code: (1) payment of such money to holder of the Bond would not constitute an avoidable preference under Section 547 of the Bankruptcy Code and (2) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bond.

*“Equity Account”* shall mean the Equity Account of the Construction Fund created pursuant to Section 3.03(a) of this Indenture.

*“ERISA”* shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated hereunder.

*“ERISA Affiliate”* shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

*“Exchange Act”* shall mean the Securities Exchange Act of 1934, as amended.

*“Expense Fund”* shall mean the Expense Fund created pursuant to Section 5.02 of this Indenture.

*“Fair Market Value”* means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s-length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

*“Final Computation Date”* shall have the meaning assigned to such term in Section 1.148-3(e) of the Regulations.

*“Fitch Ratings”* means Fitch Ratings, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

“*Fixed Interest Rate*” shall mean [\_\_\_\_\_%].

“*Fixed Interest Rate Mode*” shall mean the interest rate mode during any period when the Bond bears interest at a Fixed Interest Rate, which mode shall end on the earlier of the Maturity Date, the conversion to a new Interest Rate Mode under Section 2.11 hereof, or the first date on which no Bond remains Outstanding.

“*Freddie Mac*” shall mean the Federal Home Loan Mortgage Corporation as shareholder-owned, government-sponsored enterprise, its successors and assigns.

“*Funding Memorandum*” shall mean the memorandum distributed by CSG Advisors dated the Closing Date.

“*Government Obligations*” shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book-entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

“*Governmental Authority*” shall mean any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) now or hereafter in existence.

“*Gross Proceeds*” shall mean, without duplication, the aggregate of: (i) the net amount (after payment of all expenses of issuing the Bond) of Bond proceeds received by the Issuer as a result of the sale of the Bond; (ii) all amounts received by the Issuer as a result of the investment of the Bond proceeds; (iii) any amounts held in any fund to the extent that the Issuer reasonably expects to use the amounts in such fund to pay any Bond Obligations; and (iv) any securities or obligations pledged by the Issuer or by the Borrower as security for the payment of any Bond Obligation.

“*Ground Lease*” shall have the meaning set forth in the Recitals.

“*Guarantor*” shall have the meaning ascribed thereto in the Deed of Trust.

“*Highest Rating Category*” shall mean, with respect to an Investment Security, that the Investment Security is rated by each Rating Agency in the highest rating given by that Rating Agency for that general category of security. If at any time the Bond is not rated (and, consequently, there is no Rating Agency), then the term “Highest Rating Category” means, with respect to an Investment Security, that the Investment Security is rated by S&P or Moody’s in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is “A 1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG-1” (for fixed rate) or “VMIG-1” (for variable rate) for three months or less and “Aaa” for greater than three months. If at any time (i) the Bond is not rated, (ii) both S&P and Moody’s rate an Investment Security and (iii) one of those ratings is below the Highest Rating Category, then such Investment Security will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category

below the highest rating category of that rating agency. For example, an Investment Security rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Investment Security will be deemed to be rated below the Highest Rating Category. For example, an Investment Security rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

“*Hotel Owner*” shall have the meaning set forth in the Recitals.

“*Improvements*” shall have the meaning ascribed thereto in the Deed of Trust.

“*Indemnified Party*” shall have the meaning ascribed thereto in Section 6.15 of the Loan Agreement.

“*Indenture*” shall mean this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

“*Indexing Agent*” shall mean the indexing agent appointed by the Bondholder Representative to determine the Bond Coupon Rate during the SIFMA Index Rate Mode, the LIBOR Index Rate Mode, or the MMD Index Rate Mode in accordance with the provisions of this Indenture. The initial Indexing Agent shall be the Trustee.

“*Ineligible Purchaser*” shall mean any owner or operator of a multifamily housing facility within the City of Los Angeles which has either: (i) repeatedly violated the building or habitability codes of the City of Los Angeles; or (ii) been convicted of criminal violations relating to the ownership or operation of multifamily housing in the City of Los Angeles.

“*Initial Bond Fund Deposit*” shall mean any initial deposit to the Bond Fund to be made pursuant to Section 3.03(a) hereof from funds provided by the Borrower pursuant to Section 5.01(k) of the Loan Agreement. On the Closing Date, the Initial Bond Fund Deposit shall be \$[0.00].

“*Installment Computation Date*” shall mean any Computation Date other than the first Computation Date or the Final Computation Date.

“*Interest Period Reset Date*” shall mean the date on which the interest rate on the Bond converts from the Interest Rate Mode applicable to the Bond prior to such date (including without limitation a Fixed Interest Rate Mode) to a new Interest Rate Mode. The Interest Period Reset Date for a new Interest Rate Mode following a Fixed Interest Rate Mode must occur on a Bond Payment Date. An Interest Period Reset Date shall be an Interest Rate Adjustment Date for the Interest Rate Mode in effect prior to such change.

“*Interest Rate Adjustment Date*” shall mean any date on which the interest rate on the Bond may be adjusted, either as the result of the conversion of the current Interest Rate Mode on the Bond to a different Interest Rate Mode, or by adjustment of the interest rate on the Bond within the applicable Interest Rate Mode. The Interest Rate Adjustment Date shall be the Interest Period Reset Date and thereafter, for each succeeding Interest Rate Period, the first day

of the next Interest Rate Period if the Bond bears interest at the Term Rate; Thursday of each week if the Bond bears interest at the Weekly Interest Rate, the MMD Index Rate, the LIBOR Index Rate, or the SIFMA Index Rate; and the Interest Rate Determination Date if the Bond bears interest at the Daily Interest Rate.

*“Interest Rate Determination Date”* shall mean (i) with respect to the Fixed Interest Rate and the Term Rate, the tenth Business Day preceding an Interest Rate Adjustment Date; (ii) with respect to the Weekly Interest Rate, the MMD Index Rate, the LIBOR Index Rate, and the SIFMA Index Rate, not later than 5:00 p.m., New York, New York time, on Wednesday of each week, or the next preceding Business Day if such Wednesday is not a Business Day; provided that upon any conversion to the Weekly Interest Rate Mode, MMD Index Rate Mode, LIBOR Index Rate Mode, or SIFMA Index Rate Mode from a different Interest Rate Mode, the first Interest Rate Determination Date shall mean not later than 5:00 p.m., New York, New York time, on the Business Day preceding the Interest Rate Adjustment Date; and (iii) with respect to the Daily Interest Rate, not later than 7:45 a.m., New York, New York time, on each Business Day.

*“Interest Rate Mode”* shall mean any of those modes of interest with respect to the Bond permitted by this Indenture, specifically, the Daily Interest Rate Mode, the Weekly Interest Rate Mode, the MMD Index Rate Mode, the LIBOR Index Rate Mode, the SIFMA Index Rate Mode, the Term Rate Mode and the Fixed Interest Rate Mode. The initial Interest Rate Mode shall be as set forth in Section 2.02(f) hereof.

*“Interest Rate Period”* shall mean that period of time for which the interest rate with respect to the Bond has been determined by the Remarketing Agent or otherwise as provided in the definition of the applicable Interest Rate Mode, commencing on the applicable Interest Rate Adjustment Date, and terminating on the day immediately preceding the following Interest Rate Adjustment Date, if any.

*“Investment Agreement”* shall mean any investment agreement, between the Trustee and the provider thereof, entered into by the Trustee at the written request of the Borrower; provided such investment agreement must constitute an Investment Security.

*“Investment Income”* shall mean the earnings on any investment of the amounts on deposit in the funds and accounts established under this Indenture.

*“Investment Securities”* shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Trustee and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

(a) Government Obligations.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the Highest Rating Category.

(f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if either (A) the Qualified Financial Institution's unsecured short term obligations are rated in the Highest Rating Category or (B) such deposits, accounts or acceptances are fully collateralized by investments described in clauses (a) or (b) of this definition or fully insured by the Federal Deposit Insurance Corporation.

(g) an agreement held by the Trustee for the investment of moneys at a guaranteed rate with a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the Bondholder Representative; and provided further that such agreement includes the following restrictions:

(i) the invested funds will be available for withdrawal without penalty or premium, at any time that (A) the Trustee is required to pay moneys from the Fund(s) established under this Indenture to which the agreement is applicable, or (B) any Rating Agency indicates that it will lower or actually lowers, suspends or withdraws the rating on the Bond on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;

(ii) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks *pari passu* with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(iii) the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor



or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(iv) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within 10 days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Investment Securities described in paragraph (a) or (b) by depositing collateral with the Trustee or a third-party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Bondholder Representative, or, if the agreement is already collateralized, increase the collateral with Investment Securities described in paragraph (a) or (b) by depositing collateral with the Trustee or a third-party custodian, in an amount reasonably satisfactory to the Bondholder Representative, (B) at the request of the Trustee or the Bondholder Representative, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category. The agreement may provide that the down-graded provider may elect which of the remedies to the down-grade (other than the remedy set out in (B)) to perform.

Notwithstanding anything else in this paragraph (g) to the contrary and with respect only to any agreement described in this paragraph or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this paragraph to the “Second Highest Rating Category” will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAM-G or AAAM by S&P or Aaa by Moody’s so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Bondholder Representative, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Bond is rated by a Rating Agency, the money market mutual fund must be rated AAAM-G or AAAM by S&P, if S&P is a Rating Agency, or Aaa by Moody’s, if Moody’s is a Rating Agency. If at any time the Bond is not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAM-G or AAAM by S&P or Aaa by Moody’s. If at any time (i) the Bond is not rated, (ii) both S&P and Moody’s rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be

rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Bondholder Representative.

Investment Securities shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception shall not apply to any obligation that provides for the optional or mandatory tender, at par, by the holder of such obligation at least once within one year of the date of purchase, Government Obligations irrevocably deposited with the Trustee for payment of Bond pursuant to Section 10.2, and Investment Securities listed in paragraphs (g) and (i)).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset-backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities.

(4) Any interest-only or principal-only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(9) Any investment to which S&P has added an “r” or “t” highlighter.

“*Investor Letter*” shall mean a letter in substantially the form attached to this Indenture as Exhibit C, duly executed by a purchaser of Bond and delivered to the Trustee.

“*Investor Limited Partner*” shall mean the party, if any, that purchases an equity interest in the Project, and such party’s successors and assigns.

*“Issuance Costs”* means all costs and expenses of issuance of the Bond, including, but not limited to: (i) any Bond Purchaser’s discount and fees; (ii) counsel fees, including bond counsel and Borrower’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bond or the Loan; (iii) the Issuer’s issuance fee (being 0.25% of the original authorized principal amount of the Bond as set forth in Section 7(n) of the Regulatory Agreement); (iv) the Issuer’s fees and expenses incurred in connection with the issuance of the Bond, including the fees of any counsel or advisor to the Issuer, and the Issuer administrative fee for processing the request of the Borrower to issue the Bond; (v) fees of the Bondholder Representative and its counsel; (vi) Trustee’s fees and Trustee’s counsel fees; (vii) paying agent’s and certifying and authenticating agent’s fees related to issuance of the Bond; (viii) accountant’s fees related to issuance of the Bond; (ix) publication costs associated with the financing proceedings; and (x) costs of engineering and feasibility studies necessary to the issuance of the Bond.

*“Issuer”* shall mean the City of Los Angeles, a charter city and municipal corporation of the State, duly organized and existing under its charter and the Constitution and laws of the State, the issuer of the Bond hereunder, and its successors and assigns.

*“JPA”* shall have the meaning set forth in the Recitals.

*“Late Charge”* shall mean the amount due and payable as a late charge on overdue payments under the Note, as provided in Section 7 of the Note and Section 5.01(d) of the Loan Agreement.

*“Law”* shall mean 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 supplemented and amended to the Closing Date.

*“Leases”* shall mean the leases (with changes for the identity of the tenant, the term, the rental amount and the unit number and other changes as permitted under the Loan Documents) entered into for apartment units within the Project on the standard form of lease that has been approved by the Bondholder Representative.

*“Legal Requirements”* shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

*“Liabilities”* shall have the meaning set forth in Section 6.15 of the Loan Agreement.

*“LIBOR”* shall mean the London interbank offered rate as now administered by ICE Benchmark Administration Limited for deposits in U.S. dollars having a maturity of one month commencing on the Interest Rate Determination Date which appears on the Reuters Screen

LIBOR01 Page as of 11:00 a.m., London time, on such Interest Rate Determination Date. If such rate does not appear on the Reuters Screen LIBOR01 Page, the rate for that day will be determined on the basis of the rates at which deposits in U.S. dollars, having the Index Maturity and in a principal amount of not less than U.S. \$1,000,000, are offered at approximately 11:00 a.m., London time, on such Interest Rate Determination Date to prime banks in the London interbank market by the Reference Banks. The Indexing Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that day will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the rate for that day will be the arithmetic mean of the rates quoted by major banks in New York, New York, selected by the Indexing Agent, at approximately 11:00 a.m., New York, New York, time, on such Interest Rate Determination Date for loans in U.S. dollars to leading European banks having the Index Maturity and in a principal amount equal to an amount of not less than U.S. \$1,000,000. Notwithstanding the foregoing, if LIBOR on any Interest Rate Determination Date would be less than 0.0%, then LIBOR on such Interest Rate Determination Date shall be deemed to be 0.0%.

*“LIBOR Index Rate”* shall be determined on each Interest Rate Determination Date by the Indexing Agent for the period commencing on the immediately succeeding Thursday through and including the following Wednesday, which is equal to LIBOR plus a spread established by the Bondholder Representative, such sum to be rounded to five decimal places; provided, however, that (i) in no event shall the LIBOR Index Rate exceed the Maximum Rate, and (ii) on the day after the date that the UK Financial Conduct Authority discontinues LIBOR for US dollars, or the earlier to occur of the third consecutive reset date and the fourth reset date in any 12-month period on which LIBOR fails to appear on the specified screen in the related information service, LIBOR Index Rate shall have the same meaning as SIFMA Index Rate.

*“LIBOR Index Rate Mode”* shall mean the interest rate mode during any period when the Bond bears interest at the LIBOR Index Rate.

*“Lien”* shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term *“Lien”* shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

*“Loan”* shall mean the loan of the proceeds of the Bond made by the Issuer to the Borrower pursuant to the Loan Agreement and the Construction Loan Agreement for the purpose of financing the acquisition and construction of the Project.

*“Loan Agreement”* shall mean the Agreement, as defined herein.

*“Loan Agreement Default”* shall mean any event of default set forth in Section 7.01(a) of the Loan Agreement. A Loan Agreement Default shall “exist” if a Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

*“Loan Amount”* shall mean the amount of \$[\_\_\_\_\_].

*“Loan Documents”* shall mean: (i) prior to Bifurcation, the Loan Agreement, the Note, the Deed of Trust, the Construction Loan Agreement, the Agreement of Environmental Indemnification, the Completion Guaranty and all other documents or agreements evidencing or relating to the Loan or the Mixed-Use Project Loan; and (ii) from and after Bifurcation, the Loan Agreement and the Note and the Post-Bifurcation Loan Documents and all other documents or agreements evidencing or relating to the Loan.

*“Loan Payment Date”* shall mean (i) when the Bond is in the SIFMA Index Rate Mode, the LIBOR Index Rate Mode, the MMD Index Rate Mode, the Daily Interest Rate Mode or the Weekly Interest Rate Mode, the Business Day immediately preceding the Bond Payment Date, (ii) when the Bond is in the Fixed Interest Rate Mode or the Term Rate Mode, the second Business Day next preceding the related Bond Payment Date, or (iii) any other date on which the Note is prepaid or paid, whether at the scheduled maturity or upon the redemption or acceleration of the maturity thereof.

*“Loan Payments”* shall mean the loan payments payable pursuant to the Note and transferred to the Trustee by the Servicer, which payments shall include amounts necessary to fund the amounts payable for Third Party Fees.

*“Management Agreement”* shall mean the agreement or agreements to be entered into at or prior to substantial completion of the Project, between the Borrower and the Manager and/or the Affordable Sublessee and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

*“Manager”* shall mean the management company to be employed by the Borrower and approved by any Bondholder Representative in accordance with the terms of the Deed of Trust, the Loan Agreement or any of the other Bond Documents. The initial property manager of the Project will be Related Management Company, L.P., a New York limited partnership.

*“Mandatory Tender Date”* shall mean (i) a Substitution Date, (ii) any date when the Bond is converted from one Interest Rate Mode to a different Interest Rate Mode (other than changes from the Daily Interest Rate to the Weekly Interest Rate or from the Weekly Interest Rate to the Daily Interest Rate), (iii) the Interest Rate Adjustment Date associated with the end of an Interest Rate Period when the Bond bears interest at a Term Rate, and (iv) the expiration date of the Credit Facility, if applicable, if not renewed or otherwise substituted.

*“Market Project”* shall have the meaning set forth in the Recitals.

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

*“Maximum Rate”* shall mean the lesser of (i) 10% per annum and (ii) the maximum interest rate that may be paid on the Bond under applicable State law.

*“Mixed-Use Project”* shall have the meaning set forth in the Recitals.

*“Mixed-Use Project Loan”* shall mean the loan of proceeds under the Construction Loan Agreement to fund the construction of the Mixed-Use Project.

*“MMD Index Rate”* shall mean a rate equal to the index rate resets of tax exempt variable rate issues known as Municipal Market Data General Obligation, AAA Index, with a designated maturity most closely approximating the period of time for which the MMD Index Rate may apply, as published on any Business Day by Municipal Market Data, a Thomson Financial Services Company, or its successors, plus a spread established by the Bondholder Representative; provided that in no event shall the MMD Index Rate exceed the Maximum Rate.

*“MMD Index Rate Mode”* shall mean the interest rate mode during any period when the Bond bears interest at the MMD Index Rate.

*“Moody’s”* means Moody’s Investors Service, Inc., and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

*“Multifamily Project”* shall have the meaning set forth in the Recitals.

*“Nonpurpose Investment”* shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Bond and which is not acquired to carry out the governmental purpose of the Bond.

*“Note”* means the promissory note evidencing the obligation of the Borrower to repay the Loan, dated the Closing Date, in the stated principal amount of the Loan Amount and executed by the Borrower in favor of the Issuer, as assigned by the Issuer without recourse to the Trustee, as it may be amended, supplemented or replaced from time to time.

*“Notice of Interest Rate Conversion”* shall have the meaning ascribed hereto in Section 2.11 and attached hereto as Exhibit E.

[*“Notice of Subordination of Bond”* shall have the meaning ascribed thereto in Article XIII and substantially in the form attached hereto as Exhibit F.]

*“Opinion of Counsel”* shall mean a written opinion from an attorney or firm of attorneys, who may be counsel for the Issuer, the Trustee or the Bondholder Representative or who may be Bond Counsel, and is acceptable to the Issuer, the Trustee and the Bondholder Representative with experience in the matters to be covered in the opinion.

*“Other Charges”* shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

*“Other Owners”* shall have the meaning set forth in the Recitals.

*“Outstanding,”* when used as of any particular time with reference to the Bond, shall, subject to the provisions of Section 12.08(e), mean all of the Bond theretofore authenticated and delivered by the Trustee under this Indenture except:

(a) Any portion of the Bond theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Any portion of the Bond for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.02) shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bond);

(c) A Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.05 or 2.07;

(d) A Bond not tendered when required under the provisions of this Indenture which are deemed tendered; and

(e) The principal of the Bond authorized but not yet drawn-down and delivered by the Bond Purchaser, as applicable.

*“Overall Property”* shall have the meaning set forth in the Recitals.

*“Owners”* shall have the meaning set forth in the Recitals.

*“Parking Owner”* shall have the meaning set forth in the Recitals.

*“Permitted Encumbrances”* shall have the meaning given such term in the Deed of Trust.

*“person”* or *“Person”* shall mean an individual, a limited liability company, a corporation, a partnership, a limited partnership, a limited liability partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

*“Placement Agent”* shall mean Hilltop Securities, Inc.

*“Plan”* shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

*“Pledged Bond”* shall mean the Bond (or portions thereof) purchased with moneys drawn under a Credit Facility, if any.

*“Pledged Bond Remarketing Date”* shall have the meaning ascribed to such term in Section 11.05(c) hereof.

*“Pledged Revenues”* shall mean the amounts pledged under this Indenture to the payment of the principal of and premium and interest on the Bond, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Issuer is entitled (other than amounts received by the Issuer with respect to the Reserved Rights) and which are held by the Trustee, derived from or in connection with the Project and the Bond Documents, including all Loan

Payments due under the Loan Agreement and the Note, and all amounts obtained through the exercise of the remedies provided in the Bond Documents and all receipts of the Trustee credited under the provisions of this Indenture against said amounts payable, and (ii) moneys held in the funds and accounts established under this Indenture, together with investment earnings thereon (except any amounts on deposit in the Expense Fund and the Rebate Fund).

*“Post-Bifurcation Loan Documents”* shall mean the documents delivered pursuant to Section [ ] of the Construction Loan Agreement in connection with Bifurcation, including [ ].

*“Pre-Conversion Loan Equalization Payment”* shall mean a partial prepayment of the Loan in accordance with the Agreement Regarding Conversion in connection with Conversion.

*“Premium Owner”* shall have the meaning set forth in the Recitals.

*“Prepayment Premium”* shall mean, as applicable, (i) any premium payable by the Borrower pursuant to the Loan Documents in connection with a prepayment of the Note (including any prepayment premium as set forth in the Note) and (ii) any premium payable on the Bond pursuant to this Indenture.

*“Principal Office of the Trustee”* shall mean the office of the Trustee located at the address set forth in Section 12.06(a) hereof, or at such other place as the Trustee shall designate by notice given under said Section 12.06.

*“Principal Reserve Amount”* shall mean initially 0.0% of the aggregate principal amount of the Bond originally issued and delivered, but upon delivery of a Written Notice of the Borrower, with the Written Consent of the Bondholder Representative, may mean any amount designated by the Borrower with the Written Consent of the Bondholder Representative, provided, however, that such amount shall never exceed 20% of the aggregate principal amount of the Outstanding Bond.

*“Principal Reserve Fund”* shall mean the Principal Reserve Fund established pursuant to Section 5.02.

*“Principal Reserve Fund Deposit”* shall mean each deposit required to be made pursuant to the Principal Reserve Fund Deposit Schedule.

*“Principal Reserve Fund Deposit Schedule”* shall mean the Principal Reserve Fund Deposit Schedule (if any) attached to the Note which may be revised from time to time by the Bondholder Representative and Borrower as provided in Section 4.01(e) or Section 5.10.

*“Proceeds Certificate”* means the Borrower Cost Certificate, executed by the Borrower, and relating to the Bond.

*“Project”* shall have the meaning set forth in the Recitals.

*“Project Costs”* has the meaning given such term in the Regulatory Agreement.



*“Property”* shall have the meaning set forth in the Recitals.

*“Purchase Price”* shall mean (i) the price paid for the purchase of the Bond in lieu of redemption pursuant to Section 4.05 of this Indenture, which shall be equal to the applicable Redemption Price, and (ii) if the Bond is subject to optional or mandatory tender in any Interest Rate Mode, the price payable to the Bondholder equal to the principal amount of the Outstanding Bond plus accrued interest thereon to the date of purchase.

*“Qualified Buyer”* shall mean (a) a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act (“Rule 144A”), or (b) an institutional “accredited investor” as defined in Rule 501 (a) (1), (2), (3) or (8) promulgated under the Securities Act; provided (x) in case such buyer shall not be an Ineligible Purchaser, and (y) in the case of an accredited investor under Rule 501(a)(8), all of the equity owners of such accredited investor shall be described in Rule 501 (a) (1), (2) or (3).

*“Qualified Financial Institution”* shall mean any of a: (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by the Bondholder Representative the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity which is acceptable to the Bondholder Representative. With respect to an entity which provides an agreement held by the Trustee for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term “Investments Securities” or an entity which guarantees or insures, as applicable, the agreement, a “Qualified Financial Institution” may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

*“Qualified Project Costs”* shall have the meaning given such term in the Regulatory Agreement.

*“Rating Agency”* shall mean any one and each of S&P, Moody’s and Fitch Ratings then rating the Bond or the Securities or any other nationally-recognized statistical rating agency then rating the Bond or the Securities, which has been approved by the Bondholder Representative.

*“Rebate Amount”* shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Bond, taking into account the provisions of Section 6.07 of this Indenture.

*“Rebate Analyst”* shall mean (i) Kutak Rock LLP or (ii) any certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which

may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code which shall make the computations required under this Indenture and the Loan Agreement. The Borrower shall select the initial Rebate Analyst at the Borrower's expense and shall obtain the written consent of the Issuer and the Bondholder Representative at least 90 days prior to the fifth anniversary of the Closing Date.

*"Rebate Analyst's Fee"* shall mean the fee of the Rebate Analyst on or about each rebate calculation date, commencing on the fifth anniversary of the Closing Date, and on each fifth anniversary thereafter. The Rebate Analyst's Fee is payable by the Trustee to the Rebate Analyst upon receipt of an invoice from the Expense Fund.

*"Rebate Fund"* shall mean the Rebate Fund created pursuant to Section 5.02 of this Indenture.

*"Record Date"* shall mean (i) while the Bond bears interest in the MMD Index Rate Mode, the LIBOR Index Rate Mode, the SIFMA Index Rate Mode, the Weekly Interest Rate Mode and the Daily Interest Rate Mode, the day immediately prior to any Bond Payment Date, or (ii) while the Bond bears interest in the Term Rate Mode or the Fixed Interest Rate Mode, the fifteenth calendar day of the month preceding the applicable Bond Payment Date.

*"Redemption Date"* shall mean any date designated as a date upon which the Bond is to be redeemed pursuant to this Indenture.

*"Redemption Price"* shall mean the sum of (a) the outstanding principal amount of the Bond to be redeemed, (b) accrued and unpaid interest on the Bond to be redeemed to the date of redemption (including any additional interest required to be paid under the Note following a Determination of Taxability) and (c) the Prepayment Premium, if any.

*"Reference Banks"* means four major banks in the London interbank market that are selected by the Indexing Agent.

*"Registered Holder"* shall mean the Person or Persons in whose name or names the Bond is registered in the Bond Register.

*"Registered Owner"* shall have the meaning set forth in the definition of "Bondholder."

*"Regulations"* means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

*"Regulatory Agreement"* shall mean the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, by and among the Issuer, the Trustee and the Borrower related to the Project, as in effect on the Closing Date and as thereafter amended, supplemented or restated from time to time.

*"Reimbursement Agreement"* shall mean any reimbursement agreement or similar agreement between the Borrower and the Credit Facility Provider, as such agreement may be amended from time to time.

*“Related Person”* shall mean a “related person” within the meaning of Section 147(a) of the Code.

*“Remarketing Agent”* shall mean any remarketing agent satisfying the requirements of Section 8.16 hereof and approved by the Bondholder Representative and the Issuer.

*“Remarketing Agreement”* shall mean any remarketing agreement between the Remarketing Agent and the Borrower for purposes of remarketing the Bond, as such agreement may be amended from time to time.

*“Remarketing Proceeds Fund”* shall mean the Remarketing Proceeds Fund created pursuant to Section 5.02.

*“Rents”* shall have the meaning ascribed thereto in the Deed of Trust.

*“Replacement Reserve Agreement”* shall mean any Replacement Reserve Agreement with respect to the Loan, as the same may be amended, restated or supplemented from time to time.

*“Reserved Rights”* means those certain rights of the Issuer, its officers, council members, or other elected officials, attorneys, accountants, employees, agents and consultants under the Loan Documents to indemnification and to payment or reimbursement of fees and expenses of the Issuer, including the Issuer’s Annual Fee, as well as the fees and expenses of counsel, and indemnity payments, its right to give and receive notices and to specifically enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorney’s fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act, the Law and the rules and regulations of the Issuer), its rights to give or withhold consent to amendments, changes, modifications and alterations to the Loan Documents as specifically set forth herein and therein, and to the extent not included above, the rights specifically reserved by the Issuer under this Indenture and the Regulatory Agreement.

*“Resolution”* shall mean the resolution of the Issuer authorizing the issuance of the Bond and the execution and delivery of the Bond Documents to which it is a party.

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

*“Responsible Officer”* of the Trustee shall mean any officer of the Trustee assigned to administer its duties hereunder.

*“Retail Owner”* shall have the meaning set forth in the Recitals.

*“Secondary Market Transaction”* shall have the meaning set forth in Section 9.01 of the Loan Agreement.

*“Second Highest Rating Category”* shall mean, with respect to an Investment Security, that the Investment Security is rated by each Rating Agency in the second highest rating category

given by that Rating Agency for that general category of security. If at any time the Bond is not rated (and, consequently, there is no Rating Agency), then the term “Second Highest Rating Category” means, with respect to an Investment Security, that the Investment Security is rated by S&P or Moody’s in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax-exempt municipal debt established by S&P is “AA” for a term greater than one year, with corresponding ratings by Moody’s of “Aa.” If at any time (i) the Bond is not rated, (ii) both S&P and Moody’s rate an Investment Security and (iii) one of those ratings is below the Second Highest Rating Category, then such Investment Security will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated “AA” by S&P and “A” by Moody’s is not rated in the Second Highest Rating Category.

“*Securities*” shall have the meaning ascribed thereto in Section 9.01 of the Loan Agreement.

“*Securities Act*” shall mean the Securities Act of 1933, as amended.

[“*Senior Bond*” shall mean, initially, the Bond; provided that the Bondholder Representative may designate any Authorized Denomination of the Bond as a “Senior Bond” pursuant to Article XIII in connection with the designation of a Subordinate Bond.]

“*Servicer*” shall mean the Servicer contracting with or appointed by the Bondholder Representative to service the Loan. The initial servicer shall be the Bondholder Representative.

“*Servicing Agreement*” shall mean any servicing agreement or master servicing agreement, among the Servicer, the Trustee, and the Bondholder Representative relating to the servicing of the Loan and any amendments thereto or any replacement thereof.

“*SIFMA*” shall mean the Securities Industry & Financial Markets Association (formerly The Bond Markets Association), and any successor thereto.

“*SIFMA Index Rate*” shall mean a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA (formerly The Bond Markets Association) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Bondholder Representative, plus a spread established by the Bondholder Representative at the time the SIFMA Index Rate becomes effective; provided that in no event shall the SIFMA Index Rate exceed the Maximum Rate.

“*SIFMA Index Rate Mode*” shall mean the interest rate mode during any period when the Bond bears interest at the SIFMA Index Rate.

“*S&P*” shall mean S&P Global Ratings, and its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Issuer.

“*State*” shall mean the State of California.

[“*Subordinate Bond*” shall mean any Authorized Denomination of the Bond so designated by the Bondholder Representative as a “Subordinate Bond” pursuant to Article XIII.]

“*Subordinate Debt*” shall mean [TBD].

“*Subordinate Debt Documents*” shall mean [TBD].

“*Substantial User*” shall mean a “substantial user” within the meaning of Section 147(a) of the Code.

“*Substitution Date*” shall mean any Business Day established for the mandatory tender and purchase of the Bond in connection with the delivery to the Trustee of a Credit Facility pursuant to Section 2.12 hereof.

“*Supplemental indenture*” or “*indenture supplemental hereto*” shall mean any indenture hereafter duly authorized and entered into between the Issuer and the Trustee in accordance with the provisions of Article IX of this Indenture.

“*Surplus Fund*” shall mean the Surplus Fund created pursuant to Section 5.02 of this Indenture.

“*Tax Certificate*” means, collectively, (i) the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, executed by the Issuer and the Borrower, delivered on the Closing Date and relating to the Bond, (ii) the Proceeds Certificate, (iii) the provisions of Section 6.05 through 6.11, inclusive, of the Indenture, and (iv) the provisions of Section 6.17 of the Loan Agreement.

“*Taxes*” shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

“*Tax-Exempt Bond Account*” shall mean the Tax-Exempt Bond Account of the Construction Fund created pursuant to Section 3.03(a).

“*Tender Agent*” shall mean initially the Trustee, and any successor tender agent appointed under this Indenture.

“*Term*” shall mean the term of the Loan Agreement pursuant to Section 8.08 of the Loan Agreement.

“*Term Rate*” shall mean (i) the rate of interest per annum with respect to a Term Rate Mode determined by the Remarketing Agent, on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the lowest interest rate for the Interest Rate Period commencing on the applicable Interest Rate Adjustment Date and ending on the date determined by the Remarketing Agent, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bond could be remarketed at par, plus the accrued interest, if any, on the Interest Rate Adjustment Date for that

Interest Rate Period; or (ii) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Term Rate for whatever reason, or the Term Rate cannot be determined pursuant to clause (i) for whatever reason, the interest rate then in effect with respect to the Bond, without adjustment; provided that in no event shall the Term Rate exceed the Maximum Rate.

*“Term Rate Mode”* shall mean the Interest Rate Mode at any time the Bond bears interest at the Term Rate.

*“Third Party Fees”* shall mean the Issuer’s fees, if any, the Trustee’s Fee and the Rebate Analyst’s Fee.

*“Title Insurance Policy”* shall mean the mortgagee leasehold title insurance policy, in form acceptable to the Bondholder Representative, issued with respect to the Project and insuring the lien of the Deed of Trust.

*“Transfer”* shall have the meaning ascribed thereto in the Deed of Trust.

*“Trust Estate”* shall mean the Trust Estate described in the granting clauses of this Indenture.

*“Trustee”* means (a) [\_\_\_\_\_] a national banking association, or (b) any successor Trustee under the provisions hereof.

*“Trustee’s Fee”* shall mean the annual fee of the Trustee in the amount \$[\_\_\_\_\_]. The Trustee’s Fee is payable annually in arrears from the Expense Fund on each [\_\_\_\_\_] 1, commencing on [\_\_\_\_\_] 1, 2019], so long as any of the Bond is Outstanding.

*“UCC”* shall mean the Uniform Commercial Code as in effect in the State.

*“Ultra-Premium Project”* shall have the meaning set forth in the Recitals.

*“USD-SIFMA Municipal Swap Index”* shall mean, for any day, a per annum rate, expressed as a decimal, equal to: (i) if such day is an Interest Rate Determination Date, (a) the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day; or (b) if such index is no longer published, then (1) any comparable rate, as determined by the Indexing Agent, or (2) if there is no comparable rate, as determined by the Indexing Agent, the rate for such day shall be 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day such USD-SIFMA Municipal Swap Index would otherwise be determined as provided herein for such Interest Rate Period; and (ii) if such day is not an Interest Rate Determination Date, the rate for such day shall be the rate determined pursuant to the preceding clause (i) of this definition for the next preceding Interest Rate Determination Date.

“*U.S. Government Securities Business Day*” means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

“*Weekly Interest Rate*” shall mean (i) the rate of interest per annum during a Weekly Rate Mode determined by the Remarketing Agent on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the lowest interest rate for the Interest Rate Period of one week (or less in the case of any such Interest Rate Period commencing on an Interest Period Reset Date which is not a Thursday) commencing on the applicable Interest Rate Adjustment Date, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bond could be remarketed at par, plus the accrued interest, if any, on the Interest Rate Adjustment Date for that Interest Rate Period; or (ii) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Weekly Interest Rate for whatever reason, or the Weekly Interest Rate cannot be determined pursuant to clause (i) for whatever reason, the USD-SIFMA Municipal Swap Index then in effect; provided that in no event shall the Weekly Interest Rate exceed the Maximum Rate.

“*Weekly Interest Rate Mode*” shall mean the interest rate mode during any period when the Bond bears interest at the Weekly Interest Rate.

“*Written Consent*,” “*Written Demand*,” “*Written Direction*,” “*Written Election*,” “*Written Notice*,” “*Written Order*,” “*Written Request*” and “*Written Requisition*” of the Issuer or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the Issuer by an Authorized Issuer Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

“*Yield*” shall mean yield as defined in Section 148(h) of the Code and any regulations promulgated thereunder.

## **Section 1.02. Rules of Construction.**

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

(d) The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(e) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(f) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to “Approved Accounting Method” refer to such principles as they exist at the date of application thereof.

(g) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(h) References to the Bond as “tax-exempt” or to the tax exempt status of the Bond are to the exclusion of interest on the Bond (other than any Bond held by a Substantial User of the Project or a Related Person) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

**Section 1.03. Ownership of the Bond; Effect of Action by Bondholder.**

(a) The ownership of the Bond shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Bondholder shall bind every future Bondholder and the Registered Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon the Bond.

**Section 1.04. Date of Indenture.** The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

**Section 1.05. Designation of Time for Performance.** Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall mean the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

**Section 1.06. Interpretation.** The parties hereto acknowledge that each of them, and the initial Bond Purchaser and the Bondholder Representative, and in each case their respective counsel, have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto or thereto.



## ARTICLE II

### THE BOND

**Section 2.01. Authorization.** There is hereby authorized to be issued a bond of the Issuer designated as “City of Los Angeles Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F.” [Any Subordinate Bond designated by the Bondholder Representative pursuant to Article XIII of this Indenture shall be entitled [“Name of Subordinate Bond”]]. No Bond may be issued hereunder except in accordance with this Article II. The maximum aggregate principal amount of the Bond which may be issued and Outstanding under this Indenture shall not exceed the Authorized Amount.

#### **Section 2.02. Terms of Bond.**

(a) ***Form of Bond.*** The Bond shall be substantially in the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

(b) ***Principal Amount.*** The total principal amount of the Bond that may be issued hereunder is hereby expressly limited to the Authorized Amount, provided that the principal amount of the Bond Outstanding at any time shall include only the Bond for which the purchase price has been advanced from time to time by the Bond Purchaser. No Bond may be issued under the provisions of this Indenture except in accordance with this Article.

(c) ***Registered Bond; Numbering; Authorized Denominations.*** The Bond shall be issuable on the Closing Date as a single certificated Bond. 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 issuable as a single fully registered bond without coupons. The Bond shall be numbered consecutively from R1-1 upwards, [and any Subordinate Bond shall be numbered consecutively from S1-1 upwards].

(d) ***Dated Date; Maturity.*** The Bond shall be dated the Closing Date, and shall mature on the Maturity Date.

(e) ***Interest Rate; Accrual of Interest.*** The Bond shall bear interest at the Bond Coupon Rate. The Bond Coupon Rate for each Interest Rate Period while the Bond bears interest in the SIFMA Index Rate Mode, the LIBOR Index Rate Mode, or the MMD Index Rate Mode shall be determined by the Indexing Agent on each Interest Rate Determination Date. The Indexing Agent will promptly after such determination notify the Trustee, the Borrower and the Bondholder Representative of the applicable Bond Coupon Rate. The Trustee can conclusively rely on the Bond Coupon Rate information provided to it by the Indexing Agent.

Interest shall be calculated on the basis of a 360-day year of twelve 30-day months so long as interest is payable at the MMD Index Rate, LIBOR Index Rate, Term

Rate or the Fixed Interest Rate. Interest on the Bond shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed so long as interest is payable at the SIFMA Index Rate, Daily Interest Rate or Weekly Interest Rate.

Interest on the Bond shall accrue from the date of their initial delivery; provided that interest on any Bond authenticated subsequent to the initial delivery date shall accrue from the Bond Payment Date next preceding the date of authentication, unless (i) authenticated prior to the first Bond Payment Date, in which event interest on the Bond shall accrue from the initial delivery date, or (ii) authenticated on a Bond Payment Date, in which event interest on the Bond shall accrue from the date of authentication. If, as shown by the records of the Trustee, interest on the Bond is in default, interest on a Bond issued in exchange for a Bond surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the Bond, or, if no interest has been paid on the Bond, from the initial delivery date. The amount of interest payable on the Bond on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or other date as described above) to, but not including, the Bond Payment Date on which interest is being paid.

(f) ***Initial Interest Rate.*** The Bond initially shall bear interest in the Fixed Interest Rate Mode.

(g) ***Interest Payments.*** Interest shall be due and payable on the Bond, in arrears, on each applicable Bond Payment Date from Eligible Funds. Priority of interest payments shall be provided in Section 5.01(c). In any case where any Bond Payment Date is not a Business Day, then payment 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 such payment was made on the originally scheduled date and no interest shall accrue for the period after such Bond Payment Date through the date payment is actually made.

(h) ***Principal Payments.*** Principal of the Bond shall be payable as provided in Section 2.03 on the applicable Maturity Date and upon redemption or acceleration thereof.

(i) ***Usury.*** The Issuer intends to conform strictly to the usury laws applicable to this Indenture and the Bond and all agreements made in the Bond, this Indenture and the Bond Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Bondholder as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Bond, this Indenture or the other Bond Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Bondholder shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Bondholder, to the reduction

of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Bond, this Indenture and all other Bond Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Issuer intends and agrees that (i) interest shall be computed upon the assumption that payments under the Loan Agreement and other Bond Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, to the extent permitted by applicable law shall be spread over the actual term of the Bond.

**Section 2.03. Payment of Bond.** Payment of the Bond Obligations with respect to the Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the Record Date immediately preceding such Bond Payment Date or other date for payment of the Bond upon the redemption thereof, such principal and interest to be paid by check mailed on the Bond Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of any registered owner of the Bond, make payments of principal and interest on the Bond by wire transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing.

No presentation or surrender of Bond shall be required in connection with any partial redemption of the Bond. The Trustee shall maintain a record of the remaining Outstanding of each maturity of Bond and shall, upon any transfer or exchange, issue the replacement Bond in the principal amount Outstanding.

**Section 2.04. Execution of Bond.** The Bond shall be signed in the name and on behalf of the Issuer with the manual or facsimile signature of the Mayor of the City of Los Angeles, and attested by the manual or facsimile signature of an Authorized Attesting Officer. Any facsimile signatures shall have the same force and effect as if said persons had manually signed said Bond. Any reproduction of the official seal of the Issuer on the Bond shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bond. The Bond shall then be delivered to the Trustee for authentication by the Trustee. In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the Bond so signed shall have been authenticated or delivered by the Trustee or issued by the Issuer, such Bond may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. Also, any Bond may bear the facsimile signatures of, or may be signed on behalf of the Issuer by such person(s) as on the actual date of the execution of such Bond shall be the proper officer(s) to sign such Bond although on the nominal date of such Bond any such person shall not have been such officer.

Only such Bond as shall bear thereon a certificate of authentication in the form set forth in Exhibit A manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Trustee shall be conclusive

evidence that the Bond so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

#### **Section 2.05. Transfer of Bond.**

(a) The Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Trustee required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by the Bondowner's duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever the Bond shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver a new, fully registered Bond in Authorized Denominations to the transferee thereof.

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

(i) Unless the Bond is rated in the "A" category without regard to a modifier (or the equivalent) or better by a Rating Agency, the Bond and any beneficial interests in the Bond shall be sold and subsequently transferred and held only in compliance with the applicable terms of the Investor Letter and only to Qualified Buyers that execute and deliver to the Trustee such an Investor Letter. The Bondowner shall execute and deliver such an Investor Letter in connection with its initial purchase of the Bond. In the case of each transfer, subject to the foregoing transfer restrictions, the transferor shall provide to the Issuer written notice of such proposed transfer not less than 10 calendar days prior to such proposed transfer, during which time the Issuer shall determine whether the proposed transferee is an Ineligible Purchaser. If the Issuer fails to deliver written notice to the Trustee of such determination within 10 calendar days of receipt of notice of proposed transfer, the Trustee shall conclude that such transferee is not an Ineligible Purchaser.

Notwithstanding the first three sentences of this Section 2.05(b)(i), no Investor Letter or notice to or determination by the Issuer shall be required for: (A) a transfer of the Bond or any interest in the Bond to or among (i) Deutsche Bank AG, New York Branch, or any subsidiary or Affiliate of Deutsche Bank AG, New York Branch, that is controlled by Deutsche Bank AG, or (ii) any successor to any of the foregoing, whether by merger, acquisition or assets or otherwise; or (B) the Bondowner to sell or assign the Bond or any interests in the Bond in a percentage of not less than 20% of the outstanding principal amount of the Bond to a special purpose entity, a trust, a series pool or a custodial arrangement in connection with a Freddie Mac Tax Exempt Bonds Securitization or "TEBS" program (or any similar program with Freddie Mac), with respect to which (i) either (1) the Bondowner as transferor represents in writing to the Trustee that each of the beneficiaries of the special purpose entity, trust, series pool or custodial arrangement is a Qualified Buyer; or (2) the Bondowner as

transferor represents in writing to the Trustee that all of the certificates representing beneficial interests in such a special purpose entity, trust, series pool or custodial arrangement (other than residual interests retained by the Bondowner or an Affiliate) are rated in the “A” category or higher by a Rating Agency; (ii) a single Holder shall at all times hold a controlling interest in the residual interests in such a special purpose entity, a trust, a series pool or a custodial arrangement; and (iii) such special purpose entity, trust, series pool or custodial arrangement shall be controlled by the Bondowner or another Qualified Buyer.

There shall be no option to transfer the Bond to a trust or custodial arrangement where: (A) any of the interests (other than a residual interest held by the Bondowner or another Qualified Buyer) are not rated in the “A” category or higher by a Rating Agency; (B) the transferor is a party other than Deutsche Bank AG, New York Branch, or a special purpose subsidiary formed and controlled by Deutsche Bank AG, New York Branch or its Affiliates; or (C) any interest (other than a residual interest held by the Bondowner or another Qualified Buyer) is initially issued in a denomination of less than \$100,000.

In the event any such special purpose entity, trust, series pool or custodial arrangement holding the Bond is dissolved and, as a result of such dissolution, the owners or beneficiaries of the special purpose entity, trust, series pool or custodial arrangement become owners of the Bond or portions thereof in fact, upon such event Deutsche Bank AG, New York Branch, regardless of its desire to assume such role and notwithstanding any existing Bondholder Representative, shall become the Bondholder Representative. Deutsche Bank AG, New York Branch shall remain the Bondholder Representative unless and until the Bondholder appoints a new Bondholder Representative as set forth in Section 12.16(a) of this Indenture. Any Bondholder Representative shall remain the Bondholder Representative until replaced by a new Bondholder Representative appointed by the Bondholder as set forth in Section 12.16(a) of this Indenture. The Bondholder, following any such dissolution and distribution, shall have no ability or authority to remove a Bondholder Representative before a replacement Bondholder Representative has been appointed by the Bondholder as set forth in Section 12.16(a).

(ii) Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(iii) If the transferee is a “Commercial Bank” as defined in the Responsible Banking Ordinance, the transferee shall deliver to the Issuer an executed Responsible Banking Ordinance Certificate in the form of Exhibit D hereto.

The Trustee shall not authenticate or register a Bond unless the foregoing conditions of this Section 2.05(b) have been satisfied and the Trustee has received the written consent of the Issuer to such transfer if required pursuant to Section 2.05(b)(i).

Failure to comply with this Section 2.05(b) shall cause any purported transfer to be null and void.

The Trustee shall be entitled to rely, without 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. The Bondholder desiring to effect such transfer shall agree to indemnify the Issuer, the officers directors, employees, attorneys and agents of the Issuer, and the Trustee from and against any claim brought by any transferor or transferee of the Bond and all liability, cost or expense (including attorneys' fees) that may result if the transfer of the Bond is not exempt from the Securities Act, is not made in accordance with federal and state laws, or in the event that there occurs a transfer of the Bond that is not permitted pursuant to this Section 2.05.

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

(d) [Reserved].

(e) The Trustee shall not be required (i) to transfer or exchange the Bond during any period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of the Bond and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange the Bond so selected for redemption, or (iii) to transfer the Bond without receipt of a duly executed Investor Letter to the extent required by subsection (b) above, except as permitted by said subsection (b).

**Section 2.06. Bond Register.** The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bond. The Trustee will keep or cause to be kept at the Principal Office of the Trustee sufficient books (referred to herein as the "Bond Register") for the registration, notation of principal and transfer of the Bond, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer, the Bondholder Representative and the Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bond as hereinbefore provided.

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

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

**Section 2.07. Mutilated, Destroyed, Lost and Stolen Bond.**

(a) If (i) a mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of the Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee or the Issuer to save the Issuer and the Trustee harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like series, tenor and principal amount, bearing numbers not contemporaneously outstanding. In the event the Bond shall have matured, instead of issuing a replacement Bond as provided above, the Trustee may pay the same upon receipt by the Trustee of indemnity satisfactory to it.

(b) Upon the issuance of the new Bond under this Section, the Trustee shall require the payment by the Registered Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith.

(c) Every new Bond issued pursuant to this Section in lieu of a destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of a mutilated, destroyed lost or stolen Bond.

**Section 2.08. Persons Deemed Owner.** The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name the Bond is registered as the owner of the Bond for the purpose of receiving payment of the Bond Obligations and for all other purposes whatsoever whether or not the Bond is overdue, and, to the extent permitted by law, none of the Issuer, the Trustee or any such agent shall be affected by notice to the contrary.

**Section 2.09. Cancellation.** A Bond surrendered for payment, redemption, transfer or exchange, shall be promptly canceled and retained or destroyed by the Trustee in accordance with its document retention policies. No Bond shall be authenticated in lieu of or in exchange for a Bond canceled as provided in this Section, except as expressly provided by this Indenture.

**Section 2.10. [Reserved].**

**Section 2.11. Conversion of Interest Rate Modes.**

(a) On any Interest Period Reset Date occurring after the Bond may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date pursuant to Section 4.01(a), a Bond bearing interest at one Interest Rate Mode (including but not limited to a Fixed Interest Rate Mode) may be converted to a different Interest Rate Mode upon receipt by the Trustee and the Remarketing Agent of a written Notice of Interest Rate Conversion substantially in the form as set forth in Exhibit E hereto from the Authorized Borrower Representative not less than 30 days prior to such Interest Period Reset Date. Such direction to convert the interest rate on the Bond to a different Interest Rate Mode shall be accompanied by (i) a Bond Counsel No Adverse Effect Opinion delivered to the Trustee (with reliance letters to the Bondholder Representative, the Credit Facility Provider, the Issuer and the Remarketing Agent) with respect to the conversion; (ii) either (1) an Opinion of Counsel delivered to the Issuer, the Remarketing Agent and the Trustee stating that Securities and Exchange Commission Rule 15c2-12 provides an exemption with respect to the Bond or (2) evidence satisfactory to the Issuer delivered to the Issuer that the requirements of such Rule are being complied with; (iii) evidence satisfactory to the Trustee that the interest component of the Credit Facility, if applicable, is equal to the amounts set forth in subsection (b) below; and (iv) written certificates of the Remarketing Agent and the Issuer stating that they have received certifications, opinions or other evidence satisfactory to them that there has been or will be compliance with any applicable state or federal securities law requirements.

(b) If the Bond bears interest at the Daily Interest Rate or the Weekly Interest Rate, the Borrower shall be required to provide a Credit Facility with an interest coverage period that shall be sufficient to maintain the rating on the Bond as required and confirmed by the Rating Agency. If the Bond bears interest at the MMD Index Rate, the LIBOR Index Rate, the SIFMA Index Rate, the Term Rate or the Fixed Interest Rate and is covered by a Credit Facility, the interest coverage period shall be sufficient to maintain the rating on the Bond as required and confirmed by the Rating Agency. Notwithstanding any provision of this paragraph, no conversion of Interest Rate Modes shall be effective if (A) the Borrower makes an election on or prior to the day immediately succeeding any Interest Rate Determination Date not to proceed with the proposed conversion or (B) the Trustee has not received on the effective date of such conversion each of the items described in clauses (i) – (iv) of Section 2.11(a) above, to the extent applicable. In either such event, the Interest Rate Mode for the Bond will remain as the Interest Rate Mode then in effect for the Bond without regard to any proposed conversion. The Bond will continue to be subject to tender for purchase on the scheduled effective date of the proposed conversion without regard to the failure of such proposed conversion. If the Trustee shall have sent any notice to the Holder regarding the proposed conversion, in the event of a failure of such conversion as specified above, the Trustee shall promptly notify the Holder and the Issuer of such failure, of the reason for such failure, and of the continuation of the Interest Rate Mode then in effect.



(c) The determination of the interest rate for the Bond upon a conversion shall be conclusive and binding upon the Borrower, the Trustee, the Credit Facility Provider and the Holder of the Bond.

(d) On the related Interest Rate Determination Date, the Remarketing Agent or the Indexing Agent, as the case may be, shall give the Trustee, the Credit Facility Provider and the Borrower electronic notice of the interest rate to be borne by the Bond for the following Interest Rate Period; provided that if the interest rate is determined pursuant to clause (b) of the definition of Daily Interest Rate, Weekly Interest Rate or Term Rate on the Interest Rate Determination Date, the Trustee shall give such notice to the Borrower and the Credit Facility Provider.

(e) If the interest rate on the Bond is converted to a different Interest Rate Mode, at least 25 days prior to the Interest Period Reset Date the Trustee shall notify the Holder of the Outstanding Bond by first class mail that, upon such Interest Period Reset Date, the Bond shall be converted to a different Interest Rate Mode, and that all of the Bond shall be subject to a mandatory tender pursuant to Section 11.02.

**Section 2.12. Delivery of Credit Facility.** The Borrower may, on any Bond Payment Date or Interest Period Reset Date occurring after the Bond may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date pursuant to Section 4.01(a), arrange for the delivery to the Trustee of a Credit Facility. Any Credit Facility shall satisfy the following conditions, as applicable:

(a) The Credit Facility shall (i) be in an amount equal to the aggregate principal amount of the Bond Outstanding from time to time plus the interest component necessary to provide coverage reasonably satisfactory to the Rating Agency; (ii) provide for payment in immediately available funds to the Trustee upon receipt of the Trustee's request for such payment with respect to any Bond Payment Date and Bond Purchase Date; (iii) if the Credit Facility is provided to secure the Bond during a Term Rate Mode, provide an expiration date no earlier than the earliest of (A) the day following the last day of such Interest Rate Period; (B) 10 days after the Trustee receives notice from the Credit Facility Provider of a default under and as defined in the Reimbursement Agreement and a direction to redeem all of the Outstanding Bond; (C) the date on which the Bond is paid in full and this Indenture is discharged in accordance with its terms; and (D) the date on which the Bond becomes secured by an alternate Credit Facility in accordance with the terms of the Reimbursement Agreement; (iv) unless waived by the Issuer in its sole discretion, result in the Bond receiving a long-term rating or short-term rating, or both, as applicable for the Interest Rate Mode then in effect, for the long-term rating in one of the two highest rating categories of the Rating Agency without regard to pluses or minuses, and for the short-term rating in the highest rating category of the Rating Agency without regard to pluses or minuses; and (v) have a stated expiration or termination date not sooner than one year following its effective date.

(b) In connection with the delivery of a Credit Facility, the Trustee must receive (i) an opinion of counsel to the Credit Facility Provider issuing the Credit Facility, in form and substance reasonably satisfactory to the Issuer and the Trustee,

relating to the due authorization and issuance of the Credit Facility, its enforceability, that the statements made relating to the Credit Facility and Reimbursement Agreement contained in any disclosure document or supplement to the existing disclosure document related to the Bond are true and correct in all material respects, that the Credit Facility and the Bond enhanced by the Credit Facility are not required to be registered under the Securities Act, and, if required by the Rating Agency, that payments made by the Credit Facility Provider pursuant to the Credit Facility will not be voidable under Section 547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or against the Borrower, a Borrower Controlling Entity or by the Issuer under the Bankruptcy Code; (ii) a Bond Counsel No Adverse Effect Opinion delivered to the Trustee with respect to the delivery of such Credit Facility; and (iii) such other opinions, certificates and agreements as the Bondholder Representative or its counsel and counsel to the Borrower, Issuer and Trustee reasonably require.

### **ARTICLE III**

#### **ISSUANCE OF BOND; APPLICATION OF PROCEEDS**

**Section 3.01. Authentication and Delivery of the Bond.** Upon the execution and delivery of this Indenture, the Issuer shall execute the Bond and deliver it to the Trustee. Upon satisfaction of the conditions set forth in this Section 3.01, and without any further action on the part of the Issuer, the Trustee shall authenticate the Bond in a principal amount not exceeding the Authorized Amount, and shall deliver the Bond pursuant to the Written Order of the Issuer hereinafter mentioned. Prior to the authentication and delivery of the Bond by the Trustee, there shall have been delivered to the Trustee each of the following:

(a) Executed counterparts of this Indenture, the Loan Agreement, the Construction Loan Agreement, the Regulatory Agreement, the Bond Placement Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Note, the Deed of Trust, and any UCC financing statement required by the Deed of Trust;

(b) A certified copy of the Resolution;

(c) [Reserved];

(d) An executed Investor Letter from the Bond Purchaser;

(e) The Initial Bond Fund Deposit;

(f) A Bond Counsel Approving Opinion;

(g) A written request and authorization by the Issuer to the Trustee to authenticate and deliver the Bond to or for the account of the Bond Purchaser upon receipt of the Proceeds of the sale of the Bond;

(h) An Opinion of Counsel from Bond Counsel to the effect that the Bond is exempt from registration under the Securities Act, and this Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(i) one or more opinions of counsel to the Borrower addressed to the Issuer, the Bondholder Representative and the Trustee, in form and substance satisfactory to the Issuer and the Bondholder Representative, regarding the enforceability against the Borrower of each of the documents to which the Borrower is a party; and

(j) Any other documents or opinions that the Trustee, the Issuer, the Bond Purchaser or Bond Counsel may reasonably require.

**Section 3.02. [Reserved].**

**Section 3.03. Deposit of Bond Proceeds and Other Closing Funds; Establishment of Construction Fund.**

(a) There is hereby created and established with the Trustee a separate fund which shall be designated the “Construction Fund,” and within such Construction Fund a Capitalized Interest Account, a Tax-Exempt Bond Account and an Equity Account, which fund and accounts shall be applied only as provided in this Section 3.03.

The proceeds received from the sale of the Bond shall be deposited in the Construction Fund, then transferred as follows: (i) \$[\_\_\_\_\_] to the Capitalized Interest Account of the Construction Fund, (ii) \$[\_\_\_\_\_] to the Tax-Exempt Bond Account of the Construction Fund, and (iii) the remainder, \$[\_\_\_\_\_] , as set forth in the Funding Memorandum.

Subsequent to the Closing Date, amounts received from or on behalf of the Borrower (exclusive of Pledged Revenues) shall be deposited by the Trustee into the Equity Account of the Construction Fund.

(b) The Trustee shall use moneys in the Tax-Exempt Bond Account and the Equity Account of the Construction Fund for Project Costs, as provided herein; provided, however, that any moneys on deposit in the Capitalized Interest Account of the Construction Fund shall only be used to make payments on the Note pursuant to Section 5.01(a) of the Loan Agreement and as otherwise provided in Section 3.03(d) below. Notwithstanding the foregoing, the Borrower may reallocate funds between the Capitalized Interest Account of the Construction Fund and the Tax-Exempt Bond Account of the Construction Fund with the consent of the Bondholder Representative. The amounts on deposit in the Equity Account of the Construction Fund shall be disbursed pursuant to the provisions of Section 3.03(h).

Not less than 95% of the Bond proceeds representing net proceeds of the Bond, including Investment Income on moneys in the Tax-Exempt Bond Account, will be expended for Qualified Project Costs (the “95% Requirement”). Except as provided in the next paragraph, amounts on deposit in the Tax-Exempt Bond Account of the Construction Fund shall be allocated to, and disbursed from time to time by the Trustee,

for the sole purpose of paying Qualified Project Costs and other costs that are the subject of a Written Requisition and approved in writing by the Servicer as provided in the next sentence, which Written Requisition shall include a certification of compliance with the 95% Requirement.

Notwithstanding any other provision of this Indenture, on the Closing Date the Trustee shall, upon confirmation that the closing has occurred, transfer amounts as set forth in the Funding Memorandum. The Trustee shall have no responsibility for the application by any transferee of the amount so transferred to it.

Except as provided in the preceding paragraph, before any payment shall be made from any account within the Construction Fund, there shall be filed with the Trustee a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit B and approved in writing by the Servicer and the Issuer for each such payment (upon which the Trustee may conclusively rely). Notwithstanding the foregoing, upon the use of all of the moneys in the Capitalized Interest Account, the Trustee may withdraw amounts, if any, from the Equity Account of the Construction Fund without a Written Requisition to pay interest on the Bond.

In connection with a Written Requisition:

Only the signature of the Issuer and an authorized officer of the Servicer shall be required on a Written Requisition during any period in which a Loan Agreement Default by the Borrower has occurred and is then continuing under the Loan (notice of which default has been given in writing by an authorized officer of the Servicer to the Trustee and the Issuer, and the Trustee shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

The Trustee shall disburse amounts in the Construction Fund upon receipt of a Written Requisition signed by the Servicer and the Issuer (and without any need for any signature by an Authorized Borrower Representative), so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Bond Documents.

The Trustee shall be entitled to conclusively rely upon any Written Requisition in determining whether to disburse amounts from the Construction Fund.

The Trustee may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Borrower Representative and the approval of all Written Requisitions by the Servicer and the Issuer, as required by this Section, as conditions of payment from the Construction Fund (except as provided in the third paragraph of this Section 3.03(b) regarding the disbursement on the Closing Date, with respect to which no Written Requisition is required), which Written Requisitions constitute, as to the Trustee, irrevocable determinations that all conditions to payment of the specified amounts from the Construction Fund have been satisfied. These documents shall be retained by the Trustee, subject at all reasonable times to examination by the Borrower, the Investor Limited Partner (if any), the Issuer, the Servicer and the agents

and representatives thereof. Additionally, the Trustee shall provide the Issuer with a monthly statement regarding activity in each of the funds and accounts created under this Indenture, including the Construction Fund and the Bond Fund, in the immediately preceding month. The Trustee is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the Trustee. The Trustee is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, renovation, equipping, improvement and installation of the Project.

Except as provided herein, the Issuer's consent to each disbursement shall be required. The Issuer agrees, however, that if the Issuer has not objected in writing to any disbursement within five 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.

(c) Upon receipt of each Written Requisition submitted by the Borrower and approved in writing by the Servicer and the Issuer, the Trustee shall within one Business Day make payment from the appropriate account within the Construction Fund in accordance with such Written Requisition. The Trustee shall have no duty to determine whether any requested disbursement from the Construction Fund complies with the terms, conditions and provisions of the Bond Documents, constitute payment of Qualified Project Costs or complies with the 95% Requirement. The approval in writing of a Written Requisition by the Servicer shall be deemed a certification and, insofar as the Trustee and the Issuer are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Bond Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute Qualified Project Costs or other permitted Project costs. Each Written Requisition shall include an exhibit that allocates the requested disbursement among the Bond and the funds received by the Trustee from the Borrower, if any, and that provides the Trustee with the information described in Section 3.03(j) below. The Trustee shall, immediately upon each receipt of a completed Written Requisition of the Borrower and approved in writing by the Servicer and the Issuer, as provided in the Construction Loan Agreement, initiate procedures with the provider of the Investment Agreement, if any, to make withdrawals under any Investment Agreement as necessary to fund the Written Requisition.

The Trustee shall immediately notify the Borrower, the Servicer and the Bondholder Representative if there are not sufficient funds available to make the transfers as and when required by this subsection (b). Except as provided in the next sentence, all

such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon the Bondholder Representative's receipt of evidence that the Borrower has previously paid such amount and Written Direction to the Trustee as to such, to the Borrower. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by an authorized officer of the Bondholder Representative is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than one Business Day following receipt thereof by the Trustee. Upon final disbursement of all amounts on deposit in the Construction Fund, the Trustee shall close the Construction Fund.

(d) After the Closing Date, the Borrower, with the written consent of the Bondholder Representative, may deposit additional funds into the Capitalized Interest Account. Moneys on deposit in the Capitalized Interest Account of the Construction Fund, together with investment earnings thereon which shall be retained therein, shall be transferred to the Bond Fund and applied pursuant to Section 5.03 on each Loan Payment Date in an amount equal to the Loan Payments (excluding Third Party Fees) due on such date; provided that, upon receipt of a Written Direction of the Borrower, moneys on deposit in the Capitalized Interest Account of the Construction Fund shall be transferred to the Servicer on each Loan Payment Date in an amount as set forth in such Written Direction which amount shall represent Loan Payments (excluding Third Party Fees) due on such Loan Payment Date. Upon the request of the Trustee, the Servicer shall provide the Trustee with a schedule of the Loan Payment Dates and corresponding Loan Payment amounts. The transfer of moneys from the Capitalized Interest Account of the Construction Fund to the Bond Fund or the Servicer as set forth above shall occur automatically on each Loan Payment Date without the need for a Written Requisition of the Borrower, or consent of the Bondholder Representative.

(e) Immediately prior to any mandatory redemption of the Bond pursuant to Section 4.01(c) or (d), any amounts then remaining in the Construction Fund attributable to the proceeds of the Bond (as determined by the Written Requisitions from the Construction Fund received by the Trustee from the Borrower and approved by the Servicer and the Issuer) shall, at the written direction of the Bondholder Representative, be transferred to the Bond Fund to be applied to the redemption of the Bond pursuant to Sections 4.01(c) or (d) or the purchase of the Bond in lieu of redemption pursuant to the provisions of Section 4.05 hereof.

(f) Amounts on deposit in the Construction Fund shall be invested as provided in Section 5.13. All Investment Income earned on amounts on deposit in each account of the Construction Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Construction Fund.

(g) When the Project has been completed, the Borrower shall deliver a Construction Completion Certificate, which contains a certification regarding the "95% Requirement" referred to in subsection (b), to the Trustee, the Issuer, the Servicer and the Bondholder Representative. On the date that is six months after the date on which the Trustee shall have received the Construction Completion Certificate, the Trustee shall

transfer the balance of any moneys remaining in the Construction Fund attributable to the proceeds of the Bond (as determined by the Written Requisitions from the Construction Fund received by the Trustee from the Borrower and approved by the Servicer and the Issuer) in excess of the amount to be reserved for payment of unpaid Project costs to the Bond Fund and apply such funds to the redemption of the Bond in accordance with Section 4.01(b).

(h) After the Closing Date, amounts on deposit in the Equity Account of the Construction Fund, if any, shall be disbursed from time to time by the Trustee to pay designated amounts as set forth in and upon receipt of a Written Requisition of the Borrower signed by an Authorized Borrower Representative, the Bondholder Representative and the Servicer. Upon written request of the Borrower accompanied by evidence of the filing of the Construction Completion Certificate for the Project, the Trustee shall return any balance in such Equity Account to the Borrower.

(i) None of the Trustee, the Bondholder Representative or the Issuer shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

(j) The Borrower has advised the Issuer of the Borrower's intent that the proceeds of the Bond be used exclusively to pay the Project Costs which are includable in the aggregate basis of any building (the "Allowable Costs"), in order to comply with Section 42(h)(4)(B) of the Code. Each Written Requisition of the Borrower shall identify the respective amounts of proceeds of the Bond and the other sources of funds comprising each respective disbursement.

**Section 3.04. Issuer's Annual Fee.** The Trustee shall collect the Issuer's Annual Fee from the Borrower when due from the Borrower and remit it 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 the Annual Fee to the Issuer.

## ARTICLE IV

### REDEMPTION OF BOND

#### Section 4.01. Redemption of Bond.

(a) **Optional Redemption.** [On and after the later of October 1, 20[ ] or Bifurcation], the Bond may be redeemed in whole or in part, on any Bond Payment Date (and during any Fixed Interest Rate Mode or Term Rate Mode during which a Credit Facility enhances the Bond, on the first Business Day of each month) or, upon satisfaction of the conditions set forth in Section 10.03, on any Business Day, in each case upon prepayment of the Note by the Borrower pursuant to Section 5.02 of the Loan Agreement at the applicable Redemption Price. The Bond may be redeemed pursuant to this Section 4.01(a) upon notice to the Bondholder, given by the Trustee in accordance with Section 4.02. Except as otherwise provided under Section 10.03, no such optional redemption of the Bond shall be permitted unless the Trustee shall have received Eligible

Funds in an amount that will be sufficient to pay the Redemption Price of the Bond by 12:00 p.m. New York City time on the date that the Bond are to be redeemed.

In connection with a prepayment pursuant to Section 10.03, the Borrower may exercise such option by giving Written Notice to the Issuer, the Trustee, the Bondholder Representative and the Servicer of its election to prepay the Note, not fewer than 30 days prior to the proposed redemption date. Any such notice shall specify the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied. The Trustee shall, not fewer than eight Business Days prior to the date set for such optional redemption, deliver a Written Certificate to the Borrower setting forth the amount of accrued interest and Prepayment Premium, if any, that will be due and payable as of the date fixed for optional redemption.

(b) ***Mandatory Redemption From Amounts Transferred From Construction Fund.*** The Bond shall be redeemed in whole or in part, at the Redemption Price, in the event and to the extent amounts remaining in the Construction Fund are transferred to the Bond Fund pursuant to Section 3.03(g) hereof, on the first Bond Payment Date for which notice of redemption can be given in accordance with Section 4.02 hereof.

(c) ***Mandatory Redemption From Mandatory Prepayment of Note.*** The Bond shall be redeemed in whole or in part, at the Redemption Price, upon mandatory prepayment of the Note by the Borrower as required by Section 5.03 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.02; provided that in the case of a prepayment pursuant to Section 5.03(e) of the Loan Agreement, such redemption date must occur within 90 days of the Determination of Taxability.

(d) ***Mandatory Redemption For Loan Agreement Default.*** The Bond shall be redeemed in whole or in part, at the Redemption Price, upon the acceleration of the Note pursuant to Section 7.02 of the Loan Agreement and upon written direction of the Bondholder Representative to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable grace period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 4.02.

(e) ***Mandatory Redemption From Amounts Transferred From Principal Reserve Fund.*** On each Bond Payment Date, the Bond shall be redeemed, in part, at the Redemption Price, in an amount equal to the amount which has been transferred from the Principal Reserve Fund to the Bond Fund pursuant to Section 5.10. If no Principal Reserve Fund Deposit Schedule is attached to the Note, no such redemption shall occur.

In the event of a conversion to semi-annual Bond Payment Dates pursuant to Article II, in lieu of the mandatory redemption of the Bond as set forth in the preceding paragraph of this Section 4.01(e), the Bondholder Representative shall provide the Trustee with a Mandatory Redemption Schedule to be attached hereto at such time as the



Bond shall be subject to mandatory sinking fund redemption, in part, at the Redemption Price pursuant to such schedule.

(f) ***Mandatory Redemption From Pre-Conversion Loan Equalization Payment.*** The Bond shall be redeemed, in whole or in part, at the Redemption Price on the earliest Business Day for which notice can be given as required by Section 4.02 in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment and the Trustee has received a written direction from the Bondholder Representative to redeem the Bond, in a principal amount equal to the amount of the Note prepaid by the Borrower.

(g) ***Mandatory Sinking Fund Redemption.*** The Bond shall be subject to redemption in part on each Bond Payment Date in the amounts and on the dates set forth in the Mandatory Sinking Fund Redemption Schedule, if any, attached to the Note, at a redemption price equal to the principal amount of the Bond to be redeemed plus accrued but unpaid interest to the date of redemption, from amounts paid by the Borrower as principal under the Note without regard to Authorized Denomination. A revised Mandatory Sinking Fund Redemption Schedule, calculated so as to maintain level payments of debt service on the Bond, may be delivered to the Trustee at any time by agreement of the Borrower and the Bondholder Representative, accompanied by a Bond Counsel No Adverse Effect Opinion addressed to the Trustee.

If less than all of the Bond has been redeemed other than from sinking fund installments applicable to the Bond, the principal amount of the Bond to be redeemed in each month from sinking fund installments shall be decreased pro rata among all sinking fund installments applicable to such Bond. Any such proportional redemption shall be confirmed in writing by the Trustee to the Bondholder Representative and a new Mandatory Sinking Fund Redemption Schedule shall be provided by the Bondholder Representative to the Trustee, the Issuer and the Borrower.

In the event of (i) a conversion to semi-annual Bond Payment Dates pursuant to Article XI hereof or (ii) a partial prepayment of the Note after the occurrence of such conversion, the Bondholder Representative will provide the Trustee, the Issuer and the Borrower with a revised Mandatory Sinking Fund Schedule to be attached to the Note and the Bond shall be subject to redemption pursuant to such revised schedule.

(h) ***Mandatory Redemption Upon Sale of Project.*** The Bond shall be redeemed in whole but not in part at the Redemption Price upon the Written Direction of the Bondholder Representative no later than the day before (a) any sale of the Project, restructuring of the Borrower or any other event that would cause or be deemed to cause an assumption of obligations of an unrelated party for purposes of Treasury Regulation §1.150-1(d)(2) (any such event referred to herein as a “Transfer”) which Transfer would occur within six months of a “refinancing” (as contemplated by such Treasury Regulation), or (b) any “refinancing” that would occur within six months of a Transfer. Any mandatory redemption pursuant to the foregoing sentence would occur following a mandatory prepayment of the Note pursuant to Section 5.03(d) of the Loan Agreement.

**Section 4.02. Notice of Redemption.** Not fewer than 15 days, nor more than 30 days before the Redemption Date of the Bond to be redeemed, or in the case of an optional redemption pursuant to Section 4.01(a) or a mandatory redemption pursuant to Section 4.01(h), not fewer than five Business Days nor more than seven Business Days before the Redemption Date, the Trustee shall cause a notice of any such redemption to be mailed by first class mail (but by certified mail to the Bondholder Representative), postage prepaid, to the Registered Owner of the Bond (with a copy to the Borrower and the Issuer), provided that no prior notice of redemption shall be required in the case of a redemption pursuant to Section 4.01(g). Such notice shall also be given by registered, certified or overnight mail, or by facsimile transmission promptly confirmed in writing, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bond and to one or more national information services that disseminate notices of redemption of obligations such as the Bond.

The redemption notice shall identify the Bond or portion thereof to be redeemed and shall state: (a) the date of such notice and the redemption date; (b) the Redemption Price; (c) the original date of execution and delivery of the Bond to be redeemed; (d) the interest borne by the Bond to be redeemed; (e) the date of maturity of the Bond; (f) the number and CUSIP number of the Bond to be redeemed; (g) that the Redemption Price of any Bond is payable only upon the surrender of the Bond to the Trustee at the Office of Trustee; (h) the address at which the Bond must be surrendered; and (i) that interest on the Bond called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of this Section 4.02, on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bond in full.

Any notice mailed pursuant to this Section, except in connection with a defeasance under Section 10.02 or 10.03, may state that the scheduled redemption is conditional to the extent that Eligible Funds are not held by the Trustee on the redemption date; in which case, the Bond shall be returned to the Holder thereof and remain Outstanding under the terms and conditions of this Indenture.

**Section 4.03. Effect of Redemption.** Notice of redemption having been given as aforesaid, the Bond or portion thereof designated for redemption shall become due and payable on the Redemption Date at the Redemption Price and, from and after such date (unless the Borrower shall fail to make a payment of the Redemption Price with Eligible Funds), the Bond or portion thereof shall cease to bear interest from and after the Redemption Date whether or not the Bond is presented and surrendered for payment on such date. If the Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof on the Redemption Date, such Bond or portion thereof shall continue to bear interest at the rate or rates provided for thereon until paid and the Registered Owner thereof shall have all of the rights and be subject to the limitations set forth in Article VII hereof. Upon surrender of the Bond for redemption in accordance with said notice, the Bond shall be paid by the Trustee on behalf of the Issuer at the Redemption Price to the extent of Eligible Funds held by the Trustee on such Redemption Date. Installments of interest due on or prior to the Redemption Date shall be payable to the Registered Owner as of the relevant Record Dates, without surrender thereof, according to the terms of the Bond and the provisions of this Indenture.

**Section 4.04. Partial Redemption; Selection of Bond.** If less than all of the Outstanding Bond shall be called for redemption the Trustee shall select or arrange for the selection of the Bond to be redeemed in Authorized Denominations, provided that the Bond or portion thereof remaining Outstanding shall be in an Authorized Denomination.

Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the Registered Owner, at the expense of the Borrower, a new Bond, in Authorized Denominations equal to the unredeemed portion of the Bond so surrendered.

**Section 4.05. Purchase in Lieu of Redemption.** The Borrower shall have the option to cause the Bond to be purchased in whole but not in part by the Borrower or its designee in lieu of redemption pursuant to Section 4.01(a) and the Bondholder Representative or the Borrower shall have the option to cause the Bond to be purchased in lieu of redemption pursuant to Sections 4.01(c) and 4.01(d). Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the Redemption Date of a written notice of the Borrower or Bondholder Representative, as applicable, specifying that the Bond shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bond shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the Redemption Date; provided that payment of such Purchase Price shall be made only in Eligible Funds.

**Section 4.06. [Purchase of Subordinate Bond in Lieu of Redemption].** [The Borrower shall have the option to cause the Bond to be purchased by the Borrower or its designee in lieu of redemption pursuant to Section 4.01(f). Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the Redemption Date of a written notice of the Borrower specifying that the Bond shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bond shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the Redemption Date and the Bond so purchased shall become a Subordinate Bond upon compliance with the provisions of Article XIII.]

**Section 4.07. Deposit of Redemption Price or Purchase Price.** On (except as provided in Section 4.01(a) with respect to Section 10.03) or prior to any Redemption Date or date of purchase in lieu of redemption, and as a condition to such redemption or purchase, the Borrower shall, only to the extent of amounts due under the Note and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price or Purchase Price, as the case may be, of the Bond to be redeemed or purchased on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price or Purchase Price and shall not be deemed to be part of the Trust Estate.

**ARTICLE V**  
**PLEDGE; FUNDS**

**Section 5.01. Pledge.**

(a) ***Pledge.*** The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the granting clauses hereof and of the Pledged Revenues for the payment of the principal of, premium, if any, and interest on the Bond, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Bond by the Trustee or by any person authorized by the Trustee to deliver the Bond. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

(b) ***Money Held by Trustee.*** All money required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture shall be held by the Trustee in trust for the benefit of the Bondholder, and except for (i) money held in the Expense Fund and the Rebate Fund, and (ii) money deposited with or paid to the Trustee for the redemption of Bond, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

(c) ***Application of Pledged Revenues.*** All money received by the Trustee from the Borrower (to the extent there is no Servicer) or the Servicer, and all other Pledged Revenues shall be disbursed or transferred, as appropriate, when received by the Trustee, in the following order of priority:

- (i) To the Rebate Fund, an amount equal to the Rebate Amount, if any, then required to be deposited therein pursuant to the Loan Agreement;
- (ii) To the Expense Fund, an amount needed to pay any Third Party Fees;
- (iii) To the Bond Fund, the amount of any due and owing Bond Obligations; and
- (iv) To the Surplus Fund.

To the extent a Servicing Agreement is in effect from time to time, if required by such agreement, any sums received by the Trustee directly from the Borrower shall be remitted to the Servicer to be applied in accordance with the Servicing Agreement.

(d) ***Limited Liability.***

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

**NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THIS INDENTURE OR THE BOND, SHALL BE LIABLE PERSONALLY ON THE BOND OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BOND, OR FOR ANY CLAIM BASED ON THE BOND, OR OTHERWISE IN RESPECT OF THE BOND, OR BASED ON OR IN RESPECT OF THIS INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE 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 THE BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THE BOND, EXPRESSLY WAIVED AND RELEASED.**

**THE BOND, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER SECURED BY THE TRUST ESTATE, IS AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE AND IS AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BOND, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE LOAN AGREEMENT.**

No recourse shall be had for the payment of the Bond Obligations or for any claim based thereon or upon any obligation, covenant or agreement in the Bond or in this Indenture contained, 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 Issuer, the Mayor, the City Council, or any past, present or future members, officers, commissioners, directors, employees, attorneys,

accountants, financial advisors, agents or staff (past, present or future), either directly or through the Issuer or otherwise, under any rule of law or penalty or otherwise. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise, of the Mayor, the City Council, or any such member, officer, commissioner, director, employee, attorney, accountant, financial advisor, agent or staff, as such, to respond by reason of any act of omission on his or her part, or otherwise, for the payment for or to the Holder of the Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured is hereby, and by the acceptance of the Bond expressly waived and released as a condition of, and consideration for, the execution of this Indenture and the issuance of the Bond.

The Issuer shall not be liable for payment of the Bond Obligations or any other costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bond or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

**Section 5.02. Establishment of Funds.** There are established with the Trustee the following trust funds and accounts:

- (a) The Bond Fund (and the Bond Obligation Account therein);
- (b) [intentionally omitted];
- (c) The Construction Fund (and the Capitalized Interest Account, the Tax-Exempt Bond Account and the Equity Account therein);
- (d) The Rebate Fund;
- (e) The Expense Fund;
- (f) The Costs of Issuance Fund;
- (g) The Remarketing Proceeds Fund;
- (h) The Principal Reserve Fund; and
- (i) The Surplus Fund.

**Section 5.03. Bond Fund.** The Issuer and the Borrower shall have no interest in the Bond Fund or the moneys therein, which shall always be maintained by the Trustee completely separate and segregated from all other moneys held hereunder and from any other moneys of the Issuer and the Borrower.

The Trustee shall deposit into the Bond Fund the amounts required by Section 5.01(c) together with any other amounts received by the Trustee that are subject to the lien and pledge of this Indenture, including any Pledged Revenues not otherwise specifically directed in writing to be deposited into other funds created by this Indenture.

To the extent amounts on deposit in the Capitalized Interest Account of the Construction Fund are not sufficient to pay the Bond Obligations due on the next succeeding Bond Payment Date as described in Section 3.03(d), during any Fixed Interest Rate Mode, the Borrower is required, pursuant to Section 5.01(a) of the Loan Agreement, to transfer to the Trustee, not later than the fifteenth calendar day following each Bond Payment Date, an amount necessary to cause the amount on deposit in the Bond Obligation Account of the Bond Fund to be equal to or greater than the Bond Obligation due on the next succeeding Bond Payment Date. Upon receipt thereof, the Trustee shall deposit such amounts in the Bond Obligation Account, to be applied as provided in the next following paragraph.

On each Bond Payment Date the Trustee shall apply all amounts on deposit in the Bond Fund, including amounts in the Bond Obligation Account, in the following order of priority:

First, to pay or provide for the payment of the interest due on the [Senior] Bond on the next Bond Payment Date;

Second, to the Principal Reserve Fund in an amount equal to the Principal Reserve Fund Deposit as indicated in the Principal Reserve Fund Deposit Schedule;

Third, to pay or provide for the payment of the Redemption Price of the Bond pursuant to Sections 4.01(b), (c), (d), (e), (f), (g) or (h), provided moneys have been transferred or deposited into the Bond Fund for such purpose;

[Fourth, if the conditions set forth in Section 13.01 have been satisfied, to pay or provide for the payment of the interest due on the Subordinate Bond on the next Bond Payment Date];

[Fifth, if the conditions set forth in Section 13.01 have been satisfied, once no Senior Bond remains Outstanding, to redeem Subordinate Bond on the next Bond Payment Date in an amount equal to the amounts paid by the Borrower as scheduled principal payments under the Note for the prior calendar month;]

Sixth, all Pledged Revenues remaining after the foregoing shall be transferred to the Surplus Fund and held therein.

If the amounts held in the Bond Fund are insufficient to pay the principal of or interest on the [Senior] Bond when due (together with any Third Party Fees), the Trustee shall charge the Surplus Fund to cover such deficiency. To the extent so directed by the Bondholder Representative, the Trustee shall also pay any other amounts owing the Issuer or the Trustee under the Bond Documents from amounts on deposit in the Surplus Fund or transfer amounts in the Surplus Fund to the Servicer to be applied in accordance with the Servicing Agreement. The Trustee shall notify the Bondholder Representative of such deficiency only if amounts on deposit in the Surplus Fund are insufficient to make such payment. The Trustee shall obtain the prior written approval of the Bondholder Representative prior to accepting any additional collateral as part of the Trust Estate in the form of Pledged Revenues, Surplus Fund proceeds, or otherwise.

**Section 5.04. Expense Fund.** The Trustee shall deposit in the Expense Fund the amount referred to in Section 5.01(c)(ii). Amounts on deposit in the Expense Fund shall be used to pay

the Third Party Fees as and when the same become due. In the Loan Agreement, the Borrower has agreed to pay directly to the Issuer or the Trustee any extraordinary fees and expenses of the Issuer or the Trustee, as the case may be, that are not included within any fees paid or scheduled to be paid to the Issuer or the Trustee's Fee and not otherwise paid from the Surplus Fund.

**Section 5.05. Costs of Issuance Fund.** Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance only as provided in this Section. On the Closing Date, the Borrower shall, from its own funds, deposit with the Trustee the Costs of Issuance Deposit which the Trustee shall deposit in the Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be paid by the Trustee on or after the Closing Date to: (a) the California Debt and Investment Advisory Commission ("CDIAC") in the amount up to \$[\_\_\_\_], upon a delivery of an invoice to the Trustee from CDIAC; and (b) the Trustee the sum of \$[\_\_\_\_] as its acceptance fee and fees of legal counsel. Upon the receipt of written direction from the Borrower indicating all costs of issuance have been paid or the date that is 90 days following the Closing Date, whichever date is later, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Tax-Exempt Bond Account of the Construction Fund and shall close the Costs of Issuance Fund.

**Section 5.06. Rebate Fund.**

(a) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(b) Within 15 days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 5.01(c) hereof, upon the written direction of the Issuer, Bond Counsel or the Borrower, the Trustee shall withdraw from the Rebate Fund and pay to the United States of America such amounts as the foregoing entities may direct.

(c) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Trustee and prepared by the Borrower or the Rebate Analyst as set forth in the Loan Agreement).

(d) The Trustee shall preserve all statements, forms and explanations received from the Borrower and delivered to the Trustee pursuant to this Section 5.06, and all records of transactions in the Rebate Fund, until six years after the retirement of the Bond.

(e) The Trustee may conclusively rely on the instructions of the Issuer, the Borrower or Bond Counsel with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Issuer, Bond Counsel, the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in Section 5.06(b) above, the Trustee shall have no duty or responsibility with respect to the



Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Issuer's, the Borrower's or Bond Counsel's specific written instruction related thereto.

(f) If at any time during the term of this Indenture the Issuer, the Trustee or the Borrower desire to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, a Bond Counsel No Adverse Effect Opinion addressed to the Trustee and the Issuer and an opinion of Bond Counsel that such action shall be in compliance with the laws of the State and the terms of this Indenture.

(g) Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Issuer and are not pledged or otherwise subject to any security interest in favor of the Owners to secure the Bond or any other obligations.

(h) Moneys in the Rebate Fund may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the Borrower, in Investment Securities, subject to the Code. The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(i) Notwithstanding anything to the contrary in this Indenture, no payment shall be made by the Trustee to the United States of America if the Borrower shall furnish to the Issuer and the Trustee an opinion of Bond Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bond. In such event, the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Bond Counsel No Adverse Effect Opinion addressed to the Issuer and the Trustee with respect to such withdrawal.

(j) The Trustee shall keep and make available to the Issuer and the Borrower records concerning the investments of all funds held by the Trustee pursuant to this Indenture including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Bond is Outstanding in order to enable the Borrower or the Rebate Analyst to make the computations required under Section 148(f) of the Code.

(k) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.06 need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Bond Counsel No Adverse Effect Opinion addressed to the Issuer and the Borrower, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

(l) Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payments to the United States of America and to comply with all of

requirements of this Section, the rebate requirements of the Regulatory Agreement, and the rebate requirements of the Tax Certificate shall survive the defeasance or payment in full of the Bond.

**Section 5.07. Surplus Fund.** The Trustee shall disburse all amounts on deposit in the Surplus Fund as provided in Section 5.03. If (i) no amounts remain unpaid to the Issuer, the Trustee or the Servicer pursuant to the Bond Documents and the Servicing Agreement, (ii) the Project has been completed, and (iii) the Bond has been paid within the meaning of Article X of this Indenture, any funds remaining in the Surplus Fund shall be paid to the Borrower.

**Section 5.08. [Reserved].**

**Section 5.09. Remarketing Proceeds Fund.** Amounts received from the Remarketing Agent on the Bond Purchase Date pursuant to Section 11.03(d) shall be deposited to the Remarketing Proceeds Fund and shall be used solely to purchase the remarketed or deemed remarketed Bond pursuant to Section 11.03(d).

**Section 5.10. Principal Reserve Fund.**

(a) The Trustee shall deposit into the Principal Reserve Fund all of the monthly payments made by the Borrower in accordance with the Principal Reserve Fund Deposit Schedule (if applicable); provided, however, that such monthly payments may be deferred as such Schedule may be amended in writing by the Borrower and the Bondholder Representative and provided to the Trustee by the Bondholder Representative upon delivery of a Bond Counsel No-Adverse-Effect Opinion. Investment Income earned on amounts on deposit in the Principal Reserve Fund shall be retained in the Principal Reserve Fund.

(b) The Trustee shall pay, apply or transfer amounts on deposit in the Principal Reserve Fund as follows:

(i) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth Business Day of any month is greater than the Principal Reserve Amount, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest minimum Authorized Denomination) in excess of the Principal Reserve Amount shall be applied to the redemption of the Bond pursuant to Section 4.01(e); and

(ii) on the Bond Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower; and

(iii) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth day of any month is equal to the principal amount of the Bond Outstanding then all amounts on deposit in the Principal Reserve Fund shall be applied to the redemption of the Bond pursuant to Section 4.01(e); and

(iv) with the Written Consent of the Borrower and the Bondholder Representative, disbursed for any other purpose, including disbursement to the Borrower; provided that, upon the occurrence of a Loan Agreement Default, no such Written Consent of the Borrower shall be required for the Bondholder Representative to instruct the Trustee to disburse such funds as it so directs to cover any amounts due with respect to the Loan or the Bond.

The Principal Reserve Fund Deposit Schedule may be revised from time to time by the Written Direction of the Bondholder Representative to reflect an unscheduled redemption of the Bond in part. The Trustee shall conclusively rely on such Written Direction when determining amounts to be redeemed pursuant to Section 4.01(e).

**Section 5.11. [Intentionally omitted].**

**Section 5.12. Additional Funds.** The Trustee is hereby authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards) received by the Trustee pursuant to the terms hereof or of any of the other Bond Documents.

**Section 5.13. Investment of Moneys.**

(a) Any money held as part of the funds and accounts shall be invested or reinvested by the Trustee solely pursuant to written direction from the Borrower in Investment Securities. The Borrower shall comply with all requirements of the Tax Certificate in directing such investments. All such Investment Securities shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Bond Payment Date. In addition, following receipt by a Responsible Officer of Written Notice of a Loan Agreement Default, the Trustee shall invest and reinvest the money it holds as part of the funds and accounts in Investment Securities. Except as described below, any investment made with money on deposit in a fund or account shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund or account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such fund or account and any loss resulting from such investment shall be charged to such fund or account. In the absence of the receipt of any investment instructions as provided herein, the Trustee may invest all money under its control in investments described in clause (h) of the definition of Investment Securities. Notwithstanding the foregoing, amounts in the Construction Fund shall be invested in the Investment Agreement, if any.

(b) Any investment of money may be made by the Trustee through its own bond department, investment department or other commercial banking department or affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's affiliates may receive reasonable and customary compensation in connection with any investment made under this Indenture.

(c) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof, except to the extent any such loss has been caused by the negligence or misconduct of the Trustee.

(d) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party, unless said party notifies the Trustee in writing to the contrary within 30 days of the date of receipt of such statement.

(e) The Issuer (and the Borrower by virtue of its execution of the Loan Agreement) acknowledges that to the extent regulations of the Office of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Issuer (to the extent requested by it), the Bondholder Representative and the Borrower periodic cash transaction statements that include detail for all investment transactions, if any, made by the Trustee hereunder.

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

(g) The Issuer acknowledges (and the Borrower by virtue of its execution of the Loan Agreement) that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

(h) The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is an Investment Security remains an Investment Security. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

**Section 5.14. Assignment to Trustee; Enforcement of Obligations.** The Issuer hereby transfers, assigns and sets over to the Trustee, for the benefit of the Bondowner, and the Trustee hereby accepts, the Trust Estate including all rights and privileges the Issuer has under the Loan Agreement and the other Loan Documents (except for the Issuer's Reserved Rights); and any Pledged Revenues which are collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Trustee, and shall forthwith be paid by the Issuer to the Trustee.

## ARTICLE VI

### COVENANTS OF THE ISSUER

**Section 6.01. Payment of Principal and Interest.** The Issuer shall punctually pay, but only out of Pledged Revenues as herein provided, the Bond Obligations at the times and places and in the manner provided herein and in the Bond, according to the true intent and meaning thereof. When and as paid in full, the Bond shall be delivered to the Trustee and shall forthwith be destroyed by the Trustee.

**Section 6.02. Preservation of Revenues; Amendment of Documents.** The Issuer shall not take any action to interfere with or impair the pledge and assignment hereunder of Pledged Revenues and the assignment to the Trustee of the Trust Estate, or the Trustee's enforcement of any rights hereunder or thereunder, shall not take any action to impair the validity or enforceability of the Loan Agreement, the Deed of Trust or the other Loan Documents, and shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement, the Deed of Trust or the other Loan Documents, without the prior written consent of the Bondholder Representative.

**Section 6.03. Compliance With Indenture.** The Issuer shall not issue, or permit to be issued, any Bond secured or payable in any manner out of Pledged Revenues other than in accordance with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Pledged Revenues and the Trust Estate assigned herein. The Issuer shall faithfully observe and perform all the covenants, conditions and requirements hereof applicable to the Issuer. So long as the Bond is Outstanding, the Issuer shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Pledged Revenues or the Trust Estate, other than the lien of this Indenture.

**Section 6.04. Further Assurances.** Whenever and so often as requested so to do by the Trustee, the Issuer, at the expense of the Borrower, shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholder all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

**Section 6.05. No Arbitrage.** The Issuer shall not take, nor knowingly permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the Gross Proceeds of the Bond which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of the issuance of the Bond would have caused the Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

**Section 6.06. Limitation of Expenditure of Proceeds.** To the best knowledge of the Issuer and based upon the Borrower's representations in the Proceeds Certificate, not less than 95% of the amount advanced as the purchase price of the Bond, plus premium (if any) paid on

the purchase of the Bond by the Bond Purchaser, less original issue discount, plus any earnings on Bond proceeds held by the Trustee, will be used for Qualified Project Costs and less than 25% of such amount will be used for land or an interest in land.

**Section 6.07. Rebate of Excess Investment Earnings to United States.** The Issuer hereby covenants to cause the Borrower (solely by the inclusion of Sections 5.1(d)(i) and 6.17(i) in the Loan Agreement) to calculate or cause to be calculated excess investment earnings to the extent required by Section 148(f) of the Code and the Borrower shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Code, the Regulations, and the following sentence, all at the sole expense of the Borrower. Notwithstanding any interpretation of the Code or the Regulations to the contrary, such calculations of excess investment earnings shall be made in accordance with the Tax Certificate.

**Section 6.08. Limitation on Issuance Costs.** To the best knowledge of the Issuer, an amount not in excess of 2% of the amount advanced as the purchase price of the Bond will be used to pay for, or provide for the payment of, Issuance Costs.

**Section 6.09. Federal Guarantee Prohibition.** The Issuer shall take no action if the result of the same would be to cause the Bond to be “federally guaranteed” within the meaning of the Code.

**Section 6.10. Prohibited Facilities.** To the best knowledge of the Issuer, no portion of the proceeds of the Bond will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. To the best knowledge of the Issuer, no portion of the proceeds of the Bond will be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

**Section 6.11. Use Covenant.** The Issuer shall not use any proceeds of Bond or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the Bond being treated as an obligation not described in Section 142(d) of the Code by reason of the Bond not meeting the requirements of Section 142(d) of the Code.

**Section 6.12. Status of Issuer.** The Issuer is a charter city and municipal corporation in the State of California, has the power and authority to (a) enter into the Bond Documents to which it is a party and the transactions contemplated thereby, (b) issue the Bond to finance the Project, and (c) carry out its other obligations under this Indenture and the Bond, and by proper action has duly authorized the Issuer’s execution and delivery of, and its performance under, such Bond Documents and all other agreements and instruments relating thereto.

**Section 6.13. No Default by Issuer.** The Issuer is not in default under or in violation of, and the execution and delivery of the Bond Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (a) the Act, or the Law (b) to its knowledge, any other existing laws, rules, regulations,

judgments, decrees and orders applicable to it, or (c) to its knowledge, the provisions of any agreements and instruments to which the Issuer is a party, a default under or violation of which would prevent it from issuing and selling the Bond, financing the Project, executing and delivering the Bond Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Issuer is making no representations as to the necessity of registering the Bond pursuant to any securities laws or complying with any other requirements of securities laws).

**Section 6.14. No Known Litigation.** To the Issuer's knowledge, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Issuer, threatened against the Issuer with respect to (a) the organization and existence of the Issuer, (b) its authority to execute or deliver the Bond Documents to which it is a party, (c) the validity or enforceability of any such Bond Documents or the transactions contemplated thereby, (d) the title of any officer of the Issuer who executed such Bond Documents or (e) any authority or proceedings relating to the execution and delivery of such Bond Documents on behalf of the Issuer, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

**Section 6.15. Private Activity Bond Allocation.** The California Debt Limit Allocation Committee has provided an allocation of the State's 2017 and 2018 private activity bond volume cap under Section 146 of the Code to the Issuer for the Bond, the Issuer has timely made any required carry forward election with respect to such allocation, and the Issuer will comply with the requirements of the Code with respect to such allocation. The Issuer hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Bond; and, in connection therewith, has directed Bond Counsel to include the information on Form 8038 filed for the Bond that is required by Section 3.03 of said Notice.

**Section 6.16. Immunities and limitations of Responsibility of Issuer.** The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for the Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, and shall be liable only for its active negligence or willful misconduct. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection

with such remedial action, other than liability for failure to meet the standards set forth in this Section. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act, and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

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 Borrower, the Bondholder Representative or any Bondholder 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 record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondholder Representative, or any Bondholder, 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.

## ARTICLE VII

### DEFAULT UNDER LOAN DOCUMENTS

**Section 7.01. Remedies Under Loan Agreement or Note.** Upon a default by the Issuer of its obligations hereunder, the Trustee shall take such actions to enforce the provisions of this Indenture as are specified in writing by the Bondholder Representative. 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 this Indenture or 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, the Trustee's and the Bondholder's remedies with respect to a default under the Loan Documents shall be as set forth under the Loan Documents.

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

At the option of the Bondowner, acting through the Bondowner Representative, following the occurrence of a Loan Agreement Default, the Bondowner may present the Bond to the Trustee for cancellation, in exchange for an assignment by the Trustee to the Bondowner or its designee of the Trust Estate, whereupon the Trustee shall cancel the Bond and the Trustee and the Issuer shall execute and deliver such documents and instruments as may be necessary and make such transfers of funds as may be necessary to cause the entire Trust Estate, including the Note, the Loan Agreement, the Deed of Trust, all other documents evidencing and securing the obligations of the Borrower thereunder and all moneys held in the funds and accounts hereunder, to be assigned to or upon the order of the Bondowner. Following such assignment, the Bond shall no longer be Outstanding for any purpose hereunder, the lien of the Indenture shall be



deemed discharged as if the Bond had been paid in full, and the Bondowner or its designee shall take title to the Trust Estate free and clear of the lien created hereunder. Thereafter, (i) neither the Issuer nor the Trustee shall have any further rights with respect to the Trust Estate, and (ii) the Bondowner or its designee or assignee shall be free to exercise remedies under the Note, the Loan Agreement, the Deed of Trust and all other documents evidencing and securing the obligations of the Borrower thereunder and to apply the proceeds of the exercise of such remedies in its sole and absolute discretion.

**Section 7.02. Actions Under Loan Documents.** Whether or not a Loan Agreement Default has occurred, the Bondholder Representative, in its sole discretion, shall have the sole right to direct the Trustee to waive or forebear any term, condition, covenant or agreement of the Deed of Trust, the Loan Agreement, the Note or any other Bond Document applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the interest on the Bond and provided that the Bondholder Representative shall have no right to waive and the Issuer may seek specific performance by the Borrower to enforce the Reserved Rights. With respect to any of its Reserved Rights, the Issuer may exercise such rights as permitted by Section 18 of the Regulatory Agreement in connection with a default thereunder.

## **ARTICLE VIII**

### **THE TRUSTEE AND AGENTS**

**Section 8.01. Duties, Immunities and Liabilities of Trustee.** In consideration of the recitals hereinabove set forth and for other valuable consideration, the Issuer hereby agrees to employ the Trustee (at the expense of the Borrower) to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to authenticate, deliver and transfer the Bond; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the Owner of the Bond; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in this Indenture.

Subject to its rights to indemnification pursuant to Section 8.06, the Trustee is authorized and directed to enter into the Loan Documents to which it is a party and other related documents, solely in its capacity as Trustee.

The Trustee, on behalf of the Issuer, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Issuer under the Loan Agreement, all to the end that the Issuer's rights under the Loan Agreement may be unimpaired and free from default.

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, interest and premium paid on the

Bond, subject to the inspection of the Borrower, the Issuer, the Bondholder Representative, the Servicer and their representatives at all reasonable times and upon reasonable prior notice.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that:

(a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture;

(b) At all times (1) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or officers or by any agent or attorney of the Trustee appointed with due care unless (except as otherwise provided in Section 8.02(e)) the Trustee was negligent in ascertaining the pertinent facts or engaged in willful misconduct; and (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, accompanied by an opinion of Bond Counsel as provided herein or in accordance with the directions of the Bondholder, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default [hereunder or] under the Loan Agreement, unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer or the Bondholder, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Issuer;

(d) Before taking any action under the Regulatory Agreement, Article VII hereof or this Section 8.01 at the request or direction of the Bondholder, the Trustee may require that a satisfactory indemnity bond be furnished by the Bondholder, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the Issuer or the Bondowner to the Trustee to take any action under any provision of this Indenture or the Regulatory Agreement, the Issuer or Bondowner, as applicable, shall furnish to the Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an opinion of Bond Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the

furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

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

(g) Neither the Issuer nor the Borrower shall be deemed to be agents of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give such notice;

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

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bond, it being the obligation of the Trustee to administer, for the benefit of the Bondholder, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy;

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

(m) The Trustee shall have no duty to review any financial statements or budgets filed with it by the Borrower under the Loan Agreement.

(n) The Trustee acknowledges that in order to preserve the tax-exempt status of the interest on the Bond, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee further acknowledges that the Borrower has an obligation to pay certain fees to the Issuer pursuant to Section 7 of the Regulatory Agreement. The Trustee agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of (1) its payment obligations under said Section 7(n) of the Regulatory Agreement 30 days preceding each semiannual payment date therefore and (2) the Borrower's obligations to make payments to the Rebate Fund as provided herein.

(o) Without limiting the duties of the Trustee expressly set forth in this Indenture, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bond or the interest thereon; (ii) the consequences of investment or non-investment of any funds or accounts relating to the

Bond under Section 148 of the Code; (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code; or (iv) compliance by the Issuer or the Borrower with the provisions of the Tax Certificate.

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

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties as Trustee or in the exercise of any of its rights or powers as Trustee. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VIII.

**Section 8.02. Right of Trustee To Rely Upon Documents, Etc.** Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, facsimile transmission, electronic mail, demand, direction, election, requisition, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel (who may be counsel for the Issuer, counsel for the Trustee or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering

any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Issuer; and such Certificate of the Issuer shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(f) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (iii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

**Section 8.03. Trustee Not Responsible for Recitals.** The recitals contained herein and in the Bond shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bond. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bond, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement, the Deed of Trust or the other Loan Documents, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bond, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bond as an obligation of the Issuer. The Trustee shall not be accountable for the use or application by the Issuer of the Bond authenticated or delivered hereunder or of the use or application of the proceeds of the Bond by the Issuer or the Borrower or their agents.

**Section 8.04. Intervention by Trustee.** The Trustee may intervene on behalf of the Bondowner in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of owner of the Bond and, subject to the provisions of Section 8.01(d), but shall do so only if requested in writing by the Bondowner.

**Section 8.05. Moneys Received by Trustee To Be Held in Trust.** All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent

required by law or as otherwise provided herein. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon and except as to any Investment Income actually received by it.

#### **Section 8.06. Compensation and Indemnification of Trustee and Agents.**

(a) The Trustee shall be entitled to receive compensation from the Borrower for its services as Trustee, as provided in Section 5.01(j) of the Loan Agreement, and shall be indemnified by the Borrower as provided in Section 6.15 of the Loan Agreement. The Trustee acknowledges and agrees that, unless otherwise specifically agreed to in writing by the Issuer (in the Issuer's sole and absolute discretion), the Issuer shall not be responsible for the fees and expenses of the Trustee, and is providing no indemnification to the Trustee.

(b) If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bond, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bond, shall be entitled to but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and is hereby granted a lien and a security interest prior to the Bond in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee in the Bond Fund, which amounts shall be held solely for the benefit of the Bondholder and used only for the payment of principal of and premium, if any, and interest on the Bond. The Trustee's rights to immunities, indemnities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive the Trustee's resignation or removal and final payment of the Bond.

**Section 8.07. Qualifications of Trustee.** There shall at all times be a trustee hereunder, which shall be a corporation, banking association or trust company, in each case having trust powers, doing business and having a principal corporate trust office in California and shall

(a) either (i) have a combined capital and surplus of at least \$100,000,000 and be subject to supervision or examination by federal or state authority, or (ii) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i); and

(b) be able to comply with the terms and conditions of this Indenture, including, without limitation, Section 8.11, and to comply with the terms of the Loan Agreement applicable thereto.

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.07 the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its

combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.07, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

**Section 8.08. Removal, Resignation and Appointment of Successor Trustee.**

(a) ***Removal of Trustee.*** The Issuer may remove the Trustee at any time, and shall remove the Trustee if at any time requested to do so by an instrument in writing signed by the Bondholder Representative or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the Issuer shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the Issuer under Section 8.08(c) of this Indenture shall be subject to the approval of the Bondholder Representative, which approval shall not unreasonably be withheld or delayed.

(b) ***Resignation of Trustee.*** The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Issuer, the Bondholder Representative, the Borrower, the Bondowner and to the Servicer. Upon receiving such notice of resignation, the Issuer shall appoint a successor Trustee by an instrument in writing, with the written consent of the Bondholder Representative. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment, other than pursuant to court order.

(c) ***Appointment of Successor Trustee.*** Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in Section 8.08(a). If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 calendar days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may at the expense of the Borrower petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a

quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholder at the address shown on the registration books.

**Section 8.09. Merger or Consolidation of Trustee.** Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of the first sentence of Section 8.07.

**Section 8.10. Paying Agents.** The Trustee, with the written approval of the Issuer and the Bondowner, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bond. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bond presented at either place of payment. The paying agent initially appointed hereunder is the Trustee.

**Section 8.11. [Intentionally omitted].**

**Section 8.12. Requirements for Bondholder Representative Consent and Instruction to the Trustee.** Notwithstanding anything to the contrary contained herein or in any of the other Bond Documents, except the provisions of Article IX hereof regarding the consent or approval of the Bondholder to any supplement or amendment to this Indenture, the Loan Agreement, the Note or to any of the other Bond Documents, the following provisions shall govern and control with respect to any consents, determinations, elections, approvals, waivers, acceptances, satisfactions or expression of opinion of or the taking of any discretionary act or the giving of any instructions or the taking of actions by the Bondholder Representative or the Bondholder hereunder or under any of the other Bond Documents.

(a) The Issuer and Trustee acknowledge that, concurrently with the issuance of the Bond, the Bond Purchaser has designated the Person identified in the definition of “Bondholder Representative” as the initial Bondholder Representative. The Bondholder Representative shall have the authority to bind the Bondholder for all purposes hereunder



and under each of the other Bond Documents, including, without limitation, for purposes of exercising the rights of the Bondholder Representative under Section 12.16. The Trustee shall be entitled to rely upon the acts of any such Bondholder Representative as binding upon the Bondholder Representative and the Bondholder.

(b) The Bondholder Representative shall continue to act in such capacity and the Trustee shall continue to rely on the actions of such Bondholder Representative for all purposes hereunder and under each of the Bond Documents until such time as the Bondholder designates a new Bondholder Representative.

**Section 8.13. Loan Servicing.** The Issuer and the Trustee acknowledge that the Bondholder Representative shall have the right to appoint the Servicer to service and administer the Loan as set forth in the Servicing Agreement. The Issuer and the Trustee shall not be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer. The Bondholder Representative may, in its sole discretion, terminate or replace the Servicer.

**Section 8.14. Requests From Rating Agency.** If the Bond is at any time rated by a Rating Agency, the Trustee shall promptly, during such time, respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bond. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency. During any period the Bond is rated by a nationally recognized Rating Agency, the Trustee shall provide to any such Rating Agency with Written Notice upon the occurrence of: (a) the resignation or removal of the Trustee; (b) acceptance of appointment as successor Trustee hereunder; (c) the redemption or Mandatory Tender and purchase of the Bond; (d) a material change in this Indenture or the Loan Agreement; (e) the expiration, termination, reduction, modification or amendment of the Credit Facility; (f) the defeasance in whole of the Bond; (g) any conversion of Interest Rate Modes; and (h) any declaration by the Trustee of an acceleration of the payment of the principal of and interest on the Bond pursuant to this Indenture. The Trustee shall also notify any Rating Agency of any material changes to any of the documents to which the Trustee is a party, upon its receipt of written notification of any such changes.

**Section 8.15. Concerning the Remarketing Agent.** Any Remarketing Agent shall be appointed by the Borrower with the consent of the Issuer and the Credit Facility Provider, if any, or the Bondholder Representative (to the extent there is no Credit Facility Provider), and shall meet the qualifications set forth in this Section and Section 8.16. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Credit Facility Provider, if any, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) compute the Weekly Interest Rate, Daily Interest Rate, Term Rate and Fixed Interest Rate, as applicable, and give notices of such computations to the Trustee on each applicable Interest Rate Determination Date, all in accordance with this Indenture; and

(b) keep such records relating to its computations of interest rates for the Bond as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Credit Facility Provider, if applicable, and the Borrower at all reasonable times.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

**Section 8.16. Qualifications of Remarketing Agent.** The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Bondholder Representative, the Credit Facility Provider, if any, and the Trustee. The Remarketing Agent may be removed at any time by the Borrower, with the written consent of the Credit Facility Provider, if any, or, in the absence of a Credit Facility, the Bondholder Representative, which consent shall not be unreasonably withheld. To effect such removal, the Authorized Borrower Representative shall give at least 30 days' notice of such removal to the Remarketing Agent, the Issuer, the Credit Facility Provider, if any, the Bondholder Representative and the Trustee.

Upon any resignation of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and the Bond held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Remarketing Agent shall resign, or be removed or dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower (with the consent of the Issuer) shall not have appointed a successor Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section, shall ipso facto be deemed to be the Remarketing Agent until the appointment by the Borrower (with the consent of the Issuer) of a successor Remarketing Agent; however, the Trustee shall not remarket the Bond or fix the interest rate for the Bond, but shall be required only to implement the purchase of the Bond pursuant to a draw on the Credit Facility as provided for in Section 5.03.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency, if any, and to the registered Holder of the Bond.

With respect to the Remarketing Agent, the term its "successors" shall include any entity to which its remarketing trading and sales activities are transferred.

**Section 8.17. Tender Agent.**

(a) The Trustee, with the written consent of the Bondholder Representative, shall appoint the Tender Agent for the Bond, subject to the conditions set forth in Section 8.18. The Trustee shall initially serve as the Tender Agent. The Tender Agent

shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Credit Facility Provider, if any, and the Trustee under which the Tender Agent acknowledges its qualifications and authority to act as Tender Agent under this Indenture and agrees, particularly, as follows:

(i) The Tender Agent shall, upon receipt of a tender notice from any Bondholder give prompt telephonic notice thereof to the Trustee, the Credit Facility Provider, if any, and the Remarketing Agent, specifying the amount of the Bond to be purchased and the Bond Purchase Date, and shall, not later than the following Business Day, confirm such telephonic notice in writing and deliver to the Remarketing Agent, the Credit Facility Provider and the Trustee and the a copy of such tender notice.

(ii) On each Bond Purchase Date, the Tender Agent shall give the Remarketing Agent, the Credit Facility Provider, if any, and the Trustee telephonic notice, confirmed in writing by the following Business Day, of the principal amount of the Bond delivered pursuant to Section 11.01.

(iii) The Tender Agent shall hold the Bond delivered to it pursuant to Section 11.01 in trust for the benefit of the Bondholder which shall have so delivered the Bond until the Bond is required by this Indenture to be delivered to the respective purchasers thereof.

(iv) The Tender Agent shall cancel the Bond for which it has received written notice of remarketing from the Remarketing Agent and shall authenticate new Bond in a like aggregate principal amount in the names and in the denominations set forth in the written notice given to the Tender Agent by the Remarketing Agent pursuant to Section 11.01.

(v) The Tender Agent shall deliver the Bond to the purchasers thereof in accordance with Section 11.03 and shall establish the Bond Purchase Fund under Section 11.03(d). The Tender Agent shall remit the Purchase Price of the tendered Bond to the tendering Bondholder in accordance with Section 11.04.

(vi) The Tender Agent shall deliver to the Trustee the tendered Bond canceled.

(vii) The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the Issuer, the Trustee and the Credit Facility Provider at all reasonable times.

(viii) The Tender Agent shall send to the Trustee a copy of its transfer journal evidencing all changes in registration of the Bond within two days of making such changes.

(b) The Tender Agent shall pay to the tendering Bondholder the Purchase Price of the Bond for which it has received a Tender Notice and which have not been remarketed pursuant to Section 11.03, but solely from the sources listed in Section 11.04; and the Tender Agent shall pay to tendering the Bondholder the Purchase Price of the Bond for which it has received a tender notice and which have been remarketed pursuant to Section 11.03, but solely from amounts received from the Remarketing Agent.

#### **Section 8.18. Qualifications of Tender Agent.**

(a) The Tender Agent shall be a commercial bank, national banking association or trust company with a principal office, or with an affiliate with an office, in New York, New York, having a capitalization of at least \$10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Tender Agent shall be an affiliate of the Trustee (unless the Tender Agent is the Trustee), unless the Trustee has no affiliate meeting the requirements of the first sentence of this Section, in which case the selection of the Tender Agent shall be an entity appointed by the Trustee with the written consent of the Credit Facility provider and the Borrower.

(b) The Tender Agent may at any time resign and be discharged by giving at least 60 days' notice to the Trustee, the Issuer, the Borrower, the Credit Facility Provider, if any, and the Bondholder Representative. The Tender Agent may be removed at any time, with the written consent of the Credit Facility Provider, if any, or in the absence of a Credit Facility, the Bondholder Representative, by an instrument signed by the Trustee and filed with the Tender Agent, the Remarketing Agent and the Issuer.

(c) In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver any moneys and the Bond held by it in such capacity, and shall deliver all books and records relating thereto, to its successor or, if there be no successor, to the Trustee.

(d) In the event that the Trustee shall fail to appoint a Tender Agent hereunder, or in the event that the Tender Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Trustee shall not have appointed its successor as Tender Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 8.18, shall be deemed to be the Tender Agent for all purposes of this Indenture until the appointment by the Trustee of the Tender Agent or a successor Tender Agent, as the case may be, notwithstanding the fact that the Trustee may not meet the qualifications set forth in the first paragraph of this Section 8.18.

(e) Insofar as such provisions may be applicable, the Tender Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in Sections 8.01 and 8.03 with respect to the Trustee. The Tender Agent shall perform such duties, and only such duties, as are specifically set forth in this Indenture and the Loan Agreement and no implied covenants shall be read into this Indenture or the Loan Agreement against the Tender Agent.

**Section 8.19. Nondiscrimination; Penalties.** The Trustee shall not discriminate in its employment practices against any employee or applicant for employment because of the applicant's race, creed, religion, national origin or ancestry, sex, age, gender identity/expression, transgender status, sexual orientation or preference, marital status, color, physical disability, familial status and disability, mental condition or medical condition, including pregnancy, childbirth or related condition. All subcontracts awarded under this Indenture shall contain a like provision. This Indenture and all subagreements are subject to the provisions of Section 10.8.4 of the Los Angeles Administrative Code. The term "Contractors," as used in said Section 10.8.4, shall be deemed to be the Trustee.

**Section 8.20. Compliance With Laws.** The Trustee shall keep itself fully informed of the Issuer's Charter, codes, ordinances and regulations of the Issuer and of all State, and federal laws in any manner affecting the performance of this Indenture, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

**Section 8.21. Drug Free Workplace Policy.** The Trustee acknowledges that pursuant to the Federal Drug Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Issuer premises. The Trustee agrees that any violation of this prohibition by Trustee, its employees, agents or assigns will be deemed a material breach of this Indenture.

**Section 8.22. Compliance with Americans with Disabilities Act.** The Trustee shall be in full compliance with all federal and State laws, including those of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq., and its implementing regulations and the American Disabilities Act Amendments Act (ADAAA) Pub. L. 110 325 and all subsequent amendments (the "ADA"). Under the ADA, the Trustee shall provide for reasonable accommodations to allow qualified individuals access to and participation in their programs, services and activities in accordance with the ADA. In addition, the Trustee shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by the Trustee, relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**Section 8.23. Proprietary or Confidential Information of the Issuer.** The Trustee understands and agrees that, in the performance of the work or services under this Indenture or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by the Issuer and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Issuer. The Trustee agrees that all information disclosed by the Issuer to the Trustee shall be held in confidence and used only in performance of the Indenture. The Trustee shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

**Section 8.24. Audit and Inspection of Records.** The Trustee agrees to maintain and make available to the Issuer, during regular business hours, accurate books and accounting records relating to its work under this Indenture. The Trustee will permit the Issuer to audit, examine and make excerpts and transcripts from such books and records, and to make audits of

all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Indenture, whether funded in whole or in part under this Indenture. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Indenture or until after final audit has been resolved, whichever is later. The State or any federal agency having an interest in the subject matter of this Indenture shall have the same rights conferred upon the Issuer by this Section.

**Section 8.25. Subcontracting.** The Trustee is prohibited from subcontracting this Indenture or any part of it unless such subcontracting is first approved by the Issuer in writing. Neither party shall, on the basis of this Indenture, contract on behalf of or in the name of the other party. A contract made in violation of this provision shall confer no rights on any party and shall be null and void.

**Section 8.26. 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 8.27. 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: (a) it will fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (b) the principal owner(s) of the Trustee are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) it will maintain such compliance throughout the term of this Indenture. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Trustee to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Trustee to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. Any subcontract entered into by the Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Trustee to obtain compliance of its subcontractors shall constitute a default by the Trustee under the terms of this Indenture, subjecting the Trustee to removal hereunder where such failure shall continue for more than 90 days after notice of such failure to the Trustee by the Issuer. The Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Trustee hereby affirms that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry

maintained by the Employment Development Department as set forth in subdivision (b) of the Public Contract Code Section 7110.

**Section 8.28. 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, and the Issuer. The Trustee shall not discriminate in its employment practices against any employee or applicant for employment by the denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 C.F.R. Part 60). The Trustee shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The affirmative action program of the Trustee shall include the mandatory contract provisions set forth in the Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. The Trustee shall also comply with all rules, regulations, and policies of the 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 Trustee relating to this Indenture, to the extent allowed hereunder, shall be subject to the provisions of this Section. No person shall on the grounds of race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Indenture. For purposes of this Section, Title 24 Code of Federal Regulations Part 107 and Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in a situation as defined therein.

## **ARTICLE IX**

### **MODIFICATION OF INDENTURE; AMENDMENTS TO LOAN AGREEMENT AND BOND DOCUMENTS**

**Section 9.01. Supplemental Trust Indentures Without Bondholder's Consent.** The Issuer and the Trustee from time to time may enter into a supplemental indenture, without the consent of the Bondholder, but with the consent of the Bondholder Representative and the Borrower (to the extent such supplemental indenture materially affects the rights, duties, obligations or other interests of the Borrower and provided that if the Borrower is in default under the Bond Documents or the documents relating to the Loan, no consent of the Borrower shall be required unless such supplemental indenture has a material adverse effect on the rights, duties, obligations or other interests of the Borrower) as are necessary or desirable to:

- (a) Cure any ambiguity or formal defect or omission or correct or supplement any provision herein that may be inconsistent with any other provision herein;

(b) Grant to or confer upon the Trustee for the benefit of the Bondholder any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholder or the Trustee;

(c) Amend any of the provisions of this Indenture to the extent required to maintain the exclusion from gross income of interest on the Bond for federal income tax purposes;

(d) Add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer;

(e) Make any change herein that is required by any Rating Agency in order to obtain a rating by such Rating Agency on the Bond;

(f) [Reserved];

(g) Make any other change, which is not materially adverse to the interests of the Bondholder;

(h) During a Daily Interest Rate Mode or a Weekly Interest Rate Mode, to modify, alter, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 9.02, if notice of the proposed supplemental indenture is given to the Bondholder (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and, on or before such effective date, the Bondholder has the right to demand purchase of the Bond pursuant to Section 11.01;

(i) Modify, alter, amend or supplement this Indenture in connection with the delivery of any Credit Facility, or upon the occurrence of any Interest Rate Adjustment Date; or

(j) Implement or modify any secondary market disclosure requirements.

The Trustee will provide the Borrower with at least ten Business Days Written Notice of any proposed supplemental indenture. Immediately after the execution of any supplemental indenture for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to the Bondholder. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated Principal Office of the Trustee for inspection by the Bondholder. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental indenture.

**Section 9.02. Supplemental Trust Indentures With Bondholder's Consent.** Except as otherwise provided in Section 9.01, the Bondholder Representative shall have the right, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee, of each supplemental indenture as shall be deemed necessary or desirable by the Issuer, the Borrower or the Bondholder Representative for the



purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of the Bondholder affected by such supplemental indenture, (a) an extension in the payment of any Bond Obligation with respect to any Bond issued hereunder, or (b) a reduction in any Bond Obligation payable under or with respect to any Bond, or the rate of interest on any Bond, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Bond hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of the Bond over any other Bond, or (e) a reduction in the aggregate principal amount of the Bond required for consent to such supplemental indenture or to any amendment, change or modification to the Bond Documents as provided in this Article IX, or (f) an extension or reduction in the payment of any other amount payable on or in connection with any Bond issued hereunder. Nothing herein contained, however, shall be construed as making necessary the approval of the Bondholder (other than the Bondholder Representative) of the execution of any supplemental indenture authorized in Section 9.01.

If at any time the Issuer or the Borrower shall request the Trustee to enter into a supplemental indenture for any of the purposes of this Section, the Trustee shall, at the expense of the Borrower, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to the Bondholder. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated Principal Office of the Trustee for inspection by the Bondholder. The Trustee shall not, however, be subject to any liability to the Bondholder by reason of its failure to mail the notice required by this Section 9.02, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing of such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed supplemental indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Trustee may, subject to the provisions of the first paragraph of this Section 9.02, execute such supplemental indenture in substantially such form.

Subject to the provisions of the first paragraph of this Section 9.02, if, at the time of the execution of such supplemental trust indenture, the Bondholder Representative shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to the execution of such supplemental trust indenture, or 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 Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

**Section 9.03. Effect of Supplemental Indenture.** Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee, the owner of the Outstanding Bond shall thereafter be determined, exercised and enforced hereunder subject in all respects to

such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

**Section 9.04. Opinion of Bond Counsel as to Supplemental Indenture.** Subject to the provisions of Section 8.01 or 8.02, as applicable, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Bond Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

**Section 9.05. Notation of Modification on Bond; Preparation of New Bond.** A Bond authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Issuer as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, a new Bond, so modified as to conform, in the opinion of the Issuer, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and executed by the Issuer and authenticated by the Trustee and delivered without cost to the holder of the Bond then Outstanding, upon surrender for cancellation of the Bond in equal aggregate principal amounts.

**Section 9.06. Amendments to Loan Agreement and Bond Documents Not Requiring Consent of Bondholder.** The Issuer shall not consent to any amendment, change or modification of the Loan Agreement or any other Bond Document (other than this Indenture) without the prior Written Consent of the Trustee, the Borrower and the Bondholder Representative. The Issuer, the Bondholder Representative and the Trustee may, without the consent of or notice to the Bondholder, but only with the consent of the Borrower, consent to any amendment, change or modification of any of the above-mentioned documents as are necessary or desirable to:

- (a) Cure any ambiguity or formal defect or omission, correct or supplement any provision therein;
- (b) Grant to or confer upon the Trustee for the benefit of the Bondholder any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholder or the Trustee;
- (c) Amend any of the provisions therein to the extent required to maintain the exclusion from gross income of interest on the Bond for federal income tax purposes;
- (d) Add to the covenants and agreements of the Issuer therein other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer;
- (e) Make any change that is required by any Rating Agency in order to obtain or maintain a rating by such Rating Agency on the Bond;
- (f) [Reserved];

(g) Make any other change, which is not materially adverse to the interests of the Bondholder;

(h) During a Daily Interest Rate Mode or a Weekly Interest Rate Mode, to modify, alter, amend or supplement the Loan Agreement in any other respect including amendments which would otherwise be described in Section 9.07, if notice of the proposed amendments is given to the Bondholder (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and, on or before such effective date, the Bondholder has the right to demand purchase of their Bond pursuant to Section 11.01; or

(i) To modify, alter, amend or supplement the Loan Agreement in connection with the delivery of a Credit Facility to the extent such modification, alteration, amendment or supplement will not materially adversely affect the interest of the Bondholder, or upon the occurrence of any Interest Rate Adjustment Date.

**Section 9.07. Amendments to Loan Agreement and Bond Documents Requiring Consent of Bondholder.** Except for the amendments, changes or modifications corresponding to those provided in Section 9.06, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the other Bond Documents (other than this Indenture) without the consent of the Bondholder Representative; provided, however, that nothing herein shall permit or be construed as permitting, without the consent of the Bondholder, (a) an extension of the time of payment of any amounts payable under the Note, the Loan Agreement or the Bond, or (b) a reduction in the amount of any payment to be made with respect to the Note, the Loan Agreement, or the Bond, or the rate of interest on the Note or any Bond, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Note, Loan Agreement or the Bond hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of the Bond over any other Bond, or (e) a reduction in the aggregate principal amount of the Bond required for consent to any such amendment, change or modification as provided herein, or (f) an extension or reduction in the payment of any other amount payable on or in connection with the Note, the Loan Agreement or any Bond issued hereunder. If at any time the Issuer or the Borrower request consent to any such proposed amendment, change or modification of any of such documents, other than an amendment, change, or modification permitted by Section 9.06, the Trustee shall, at the expense of the Borrower, cause notice of such proposed amendment, change or modification to be mailed, postage prepaid, to the Bondholder. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the amendment to such document embodying the same are on file at the designated Principal Office of the Trustee for inspection by the Bondholder. The Trustee shall not, however, be subject to any liability to the Bondholder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplement or amendment to such document when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed amendment or supplement to the document described in such notice and shall specifically

consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Issuer and/or the Trustee may execute such amendment in substantially the form on file as provided above, without liability or responsibility to any Bondholder of any Bond, whether or not such Bondholder has consented thereto.

**Section 9.08. Amendments to the Credit Facility.** The Trustee may, without the consent of, or notice to, the Bondholder enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in any manner which is not prejudicial to the interests of the Bondholder (which shall be conclusively evidenced by an Opinion of Counsel delivered to the Trustee, the Issuer and the Credit Facility Provider or by a written confirmation from the Rating Agency of the then existing rating on the Bond delivered to the Trustee, the Issuer and the Credit Facility Provider) or (d) as required by the Rating Agency to maintain the then current rating on the Bond.

## **ARTICLE X**

### **DEFEASANCE**

**Section 10.01. Discharge of Indenture.** Whenever all Bond Obligations have been fully paid and the Bond is no longer outstanding, and all fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then (a) this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of the Bond herein or therein provided for) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash and securities then held by it hereunder as a part of the Trust Estate in accordance with Section 10.05 hereof.

The Issuer or the Borrower may at any time surrender to the Trustee for cancellation by it any Bond previously authenticated and delivered which the Issuer or the Borrower lawfully may have acquired in any manner whatsoever, and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

#### **Section 10.02. Trust for Payment of Debt Service.**

(a) The Issuer shall, at the Written Request of the Borrower, and at the expense of the Borrower, on any date provide for the payment of the Bond by establishing an escrow (at the sole expense of the Borrower) for such purpose with the Trustee and depositing therein cash and/or Government Obligations that (assuming the due and punctual payment of the principal of and interest on such Government Obligations, or, in connection with a defeasance for a period of no more than 35 days, Investment Securities described in clause (h) of the definition thereof or otherwise approved in writing by the Bondholder Representative (the “Special Defeasance Obligations”), but without reinvestment) will provide funds sufficient to pay the principal, premium, if any, and interest on the Bond at the Defeasance Rate which may

apply to the Bond as the same become due and payable until the maturity or redemption of the Bond; provided, however, that:

(i) Such Government Obligations or Special Defeasance Obligations must not be subject to redemption prior to their respective maturities at the option of the Issuer of such Government Obligations or Special Defeasance Obligations,

(ii) If the Bond is to be redeemed prior to their maturity, either (i) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bond or (ii) the Issuer shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the Issuer,

(iii) Prior to the establishment of such escrow the Issuer, the Trustee and the Bondholder Representative must receive (1) an Opinion of Counsel stating in effect that upon the occurrence of an Act of Bankruptcy of the Borrower, its Borrower Controlling Entity or any Guarantor, money and investments in such trust will not be recoverable from the Trustee or the Bondholder under provisions of the Bankruptcy Code relating to voidable preferences and (2) an Bond Counsel No Adverse Effect Opinion, and

(iv) Except in the case of a gross-funded cash defeasance, prior to the establishment of such escrow, the Trustee must receive a report by an independent certified public accountant stating in effect that the principal and interest payments on the Government Obligations in such escrow, without reinvestment, together with the cash initially deposited therein, will be sufficient to make the required payments from such trust.

(b) Notwithstanding subsection (a) above, if the Borrower deposits funds with the Trustee sufficient to effectuate an optional redemption of the Bond pursuant to Section 4.01(a) one Business Day prior to the date on which the Bond is to be redeemed, and all other fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then:

(i) The Trustee shall hold such funds in trust for the benefit of the Bondholder,

(ii) The conditions set forth in clauses (ii) – (iv) in subsection (a) above shall not apply, and

(iii) The Trustee shall release on such day any liens created by this Indenture and any collateral held in the Trust Estate for the benefit of the Bondholder (other than such deposited funds) including, but not limited to, the Deed of Trust, pursuant to the provisions of Section 10.01.

(c) Cash and/or Government Obligations or Special Defeasance Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Bondholder to

be paid from such fund. Such cash and the principal and interest payable on such Government Obligations or Special Defeasance Obligations shall be applied by the Trustee first to the payment of Bond principal, premium, if any, and interest on the Bond and any other amounts due under this Indenture; any amounts not needed for such purpose shall be remitted to the Borrower.

(d) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 5.06 and Article VIII shall survive defeasance.

**Section 10.03. Special Defeasance.** The provisions of Section 10.02(a)(iii) and (iv) above shall not apply to any defeasance when:

(a) Ten Business Days prior to the date set for redemption of the Bond, the Borrower gives Written Notice to the Issuer, the Trustee and the Bondholder Representative of its intention to prepay the Note and redeem the Bond on a date ten Business Days after the filing of such Written Notice;

(b) The Borrower deposits with the Trustee on the date seven Business Days prior to the date fixed for redemption sufficient funds, to which may be invested only in Special Defeasance Obligations, in an amount sufficient, without need for reinvestment, to pay the Redemption Price of the Bond and all other amounts due and owing under this Indenture on the date fixed for redemption; and

(c) At the time the Borrower deposits the funds described in subparagraph (ii) above, the Borrower instructs the Trustee to give irrevocable notice of redemption of the Bond on the Redemption Date.

**Section 10.04. Payment of Bond After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent in trust for the payment of the Bond Obligations with regard to any Bond remaining unclaimed for two years after the principal of the Outstanding Bond has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Issuer, and the holder of the Bond shall thereafter be entitled to look only to the Issuer for payment thereof, and only to the extent of the amount so paid to the Issuer, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the Issuer as aforesaid, the holder of the Bond in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Issuer for amounts equivalent to the respective amounts deposited for the payment of the Bond and so paid to the Issuer (without interest thereon).

**Section 10.05. Final Balances.** Notwithstanding the Person that is the Registered Holder of the Bond, any moneys remaining in any fund or account created under this Indenture after payment or provision for payment in full of all Bond Obligations, all fees, charges and expenses of the Issuer, the Trustee, the Credit Facility Provider, the Rebate Analyst, the Servicer, the Bondholder Representative and the Bond Purchaser the payment of all parties to whom moneys are owed pursuant to Section 5.01(c) and all other amounts required to be paid hereunder

or under the Bond Documents, and after payment of any other amounts due under any Servicing Agreement relating to the Loan, shall be paid to the Borrower.

## **ARTICLE XI**

### **OPTIONAL AND MANDATORY TENDERS**

#### **Section 11.01. Optional Tenders.**

(a) While the Bond bears interest at the Daily Interest Rate or Weekly Interest Rate, on each Interest Rate Adjustment Date, each Holder of Bond shall have the option to tender for purchase at 100% of the principal amount thereof plus accrued interest, if any, all of the Bond owned by such Holder, or such lesser principal amount thereof (in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof, provided that the untendered portion of any Bond shall be \$100,000 or more in principal amount) as such Holder may specify in accordance with the terms, conditions and limitations set forth below. The purchase price for each such Bond, or portion thereof, shall be payable in lawful money of the United States of America by check or draft, shall equal the principal amount, or such portion thereof, to be purchased and accrued interest, if any, and shall be paid in full on the applicable Bond Purchase Date by check or wire transfer at the direction of the Holder but only upon delivery and surrender of such Bond to the Trustee.

(b) To exercise the option granted in Section 11.01(a), the Holder shall (i) no later than seven calendar days (or the next preceding Business Day if such seventh day is not a Business Day) prior to the Bond Purchase Date in the case of the Bond in the Weekly Interest Rate Mode and no later than 8:00 a.m., New York, New York time, on the Bond Purchase Date in the case of the Bond in the Daily Interest Rate Mode, give notice to the Trustee by telecopy or in writing, with a copy to the Remarketing Agent, which states (A) the name and address of the Holder, (B) the principal amount, CUSIP number and Bond numbers of the Bond to be purchased, (C) that the Bond is to be purchased on the related Bond Purchase Date pursuant to the terms hereof, and (D) that such notice is irrevocable; and (ii) deliver to the Principal Office of the Trustee the Bond to be purchased in proper form, or in the case of a Beneficial Owner, no later than 10:00 a.m. New York, New York time on the Bond Purchase Date, cause the transfer of the Beneficial Owner's interest on the records of the Depository, in accordance with the instructions of the Trustee. Upon receipt, the Trustee shall immediately forward such notice to the Remarketing Agent.

(c) A Bond for which a notice of tender has been given by the Holder shall be deemed to be tendered for remarketing notwithstanding any failure of delivery of the Bond to the Trustee. The Bond shall be null and void and the Trustee shall authenticate and deliver a new Bond in replacement thereof pursuant to the remarketing of the Bond or the pledge of the Bond to the Credit Facility Provider in lieu of remarketing the Bond as described in Section 11.05.

(d) Upon the giving of the notice pursuant to Section 11.01(a) with respect to the Bond or a portion of Bond, the Holder's tender of the Bond or a portion thereof shall be irrevocable. If less than all of a Bond so delivered or deemed tendered is to be purchased, the Trustee shall, pursuant to this Indenture, authenticate one or more Bond in exchange therefor, registered in the name of such Holder, having the aggregate principal amount being retained by such Holder, and shall deliver the authenticated Bond to such Holder.

(e) While the tendered Bond are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holder thereof shall be deemed the Owner thereof for all purposes, and interest accruing on the tendered Bond through the day preceding the applicable Bond Purchase Date is to be paid from the Bond Fund as if the Bond had not been tendered for purchase.

(f) Notwithstanding anything herein to the contrary, any Bond or portion thereof tendered under this Section 11.01 will not be purchased if such Bond or portion thereof matures or is redeemed on or prior to the applicable Bond Purchase Date.

#### **Section 11.02. Mandatory Tenders.**

(a) The Holder of the Bond shall be required to tender the Bond to the Trustee on any Mandatory Tender Date. Any Bond required to be tendered on a Mandatory Tender Date that is not tendered as of such date shall be deemed to have been tendered to the Trustee on such date and shall thereafter cease to bear interest and no longer be considered to be Outstanding hereunder subject to the right of the Holder of the Bond to receive the Purchase Price of the Bond and interest accrued thereon to the Bond Purchase Date.

(b) At least 25 days prior to any Mandatory Tender Date, the Trustee shall notify the Remarketing Agent and the Holder of the Outstanding Bond by first-class mail of the Mandatory Tender Date and advise the Holder that the Bond shall be subject to mandatory tender on such Mandatory Tender Date from the sources available pursuant to Section 11.03, at a Purchase Price equal to the principal amount thereof plus accrued interest, if any.

#### **Section 11.03. Remarketing of Bond.**

(a) Upon the receipt by the Remarketing Agent of any notice from the Trustee that any Bondholder has delivered a notice pursuant to Section 11.01(b), or upon receipt of any notice from the Trustee of the Bond deemed to have been tendered in accordance with the provisions of Section 11.02, the Remarketing Agent shall offer for sale and use its best efforts to market the Bond referred to in such notice from a Bondholder or such notice from the Trustee at a price of par plus accrued interest to the Bond Purchase Date, in accordance with the Remarketing Agreement; provided, however, that the Remarketing Agent shall not knowingly offer for sale or sell the Bond to the Issuer, the Borrower or any Borrower Controlling Entity, member or any guarantor of the Borrower. The Remarketing Agent has no obligation to remarket the Bond registered in the name of



the Borrower, the Credit Facility Provider or any Borrower Controlling Entity, member or guarantor of the Borrower unless the Credit Facility shall be in full force and effect after such remarketing.

(b) No Bond or portion thereof tendered pursuant to Section 11.01 or Section 11.02 shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest, if any. The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 11.01 or Section 11.02 at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

(c) By 4:00 p.m., New York, New York time on the Business Day immediately prior to each Bond Purchase Date (other than in the case of the exercise of an optional tender right when the Bond is in Daily Interest Rate Mode) or by 10:00 a.m., New York, New York time on the Bond Purchase Date (in the case of the exercise of an optional tender right when the Bond is in Daily Interest Rate Mode), the Remarketing Agent shall give telephonic notice, promptly confirmed in writing and transmitted by facsimile, to the Trustee, the Borrower and the Credit Facility Provider stating the principal amount of the Bond that have been remarketed successfully, specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, the Bond, if any, for which it has found purchasers as of such date, and the Purchase Price at which the Bond are to be sold (which shall be par plus accrued interest to the Bond Purchase Date).

(d) The Remarketing Agent shall deliver to the Trustee, no later than 10:30 a.m., New York, New York time, on the Bond Purchase Date, in immediately available funds, the remarketing proceeds to the extent the Bond has been successfully remarketed. Upon receipt by the Trustee of such amount from the Remarketing Agent, the Trustee, shall transfer the registered ownership of the Bond to the respective new purchasers and deliver the Bond to such purchasers upon deposit of the Purchase Price with the Trustee. The Trustee shall hold the Bond delivered to it in trust for the benefit of the Bondholder which shall have so delivered such Bond until money representing the Purchase Price of such Bond shall have been delivered to or for the account of or to the order of the Bondholder. The Trustee shall remit the Purchase Price of such Bond to the tendering Bondholder entitled to the same as provided in Sections 11.01 or 11.02. In the event that the Remarketing Agent or any purchaser that shall have been identified by the Remarketing Agent to the Trustee shall fail to pay the Purchase Price for a Bond prior to 10:30 a.m., New York, New York time, on the Bond Purchase Date, the Trustee shall not be obligated to accept such amount after such time. The Trustee will immediately notify by telephone, the Credit Facility Provider, the Borrower and the Remarketing Agent of any such failure to receive the Purchase Price for such Bond. On the Bond Purchase Date, the Trustee shall notify by telephone, the Credit Facility Provider, the Borrower and the Remarketing Agent of the amount of funds held by the Trustee as of 10:30 a.m., New York, New York time, on such date constituting the Purchase Price of the Bond remarketed by the Remarketing Agent, promptly confirmed in writing and transmitted by facsimile. The Trustee shall hold all money delivered to it for the purchase of the Bond (including any remarketing proceeds, proceeds from the Borrower pursuant to

Section 11.04(b)(ii) hereof or proceeds of draws on the Credit Facility) in trust in a non-commingled account to be known as the “Bond Purchase Fund” for the benefit of the person or entity which shall have so delivered such money until the Bond purchased with such money shall have been delivered to or for the account of such person. Such money shall be held uninvited except as directed in writing by the Credit Facility Provider and then only in Investment Securities of the type described in clauses (a) and (b) of the definition thereof. The Issuer and the Borrower shall not have any right, title or interest in such money.

(e) If the Bond has been called for redemption during any period when the Bond bears interest at the Daily Interest Rate or Weekly Interest Rate, the Bond may continue to be remarketed until the redemption date, provided the purchasers of such Bond are given notice of the call for redemption prior to purchase of the Bond.

(f) Anything herein to the contrary notwithstanding, no Bond shall be purchased or remarketed pursuant to this Section if such Bond is registered in the name of the Issuer, the Borrower or the Credit Facility Provider, or known by the Trustee (the Trustee shall have no duty to inquire as to any such nominees) to be registered in the name of any Borrower Controlling Entity, member or guarantor of the Borrower or any nominee of the Issuer, the Borrower, the Credit Facility Provider, or any such Borrower Controlling Entity, member or guarantor of the Borrower unless the Credit Facility will be in full force and effect after such purchase with respect to a Bond after such purchase, nor shall any Bond be purchased if, following a failed remarketing pursuant to the provisions of this Section, the Trustee does not have sufficient proceeds to pay the Purchase Price to the tendering Holder of the Bond, taking into account draws from any incoming or outgoing Credit Facility and Eligible Funds received from the Borrower pursuant to Section 11.04(b). In the event of such failed remarketing, the Bond shall remain Outstanding in the Interest Rate Mode in effect immediately preceding the related Mandatory Tender Date.

#### **Section 11.04. Trustee To Pay Purchase Price.**

(a) In the event that either the Trustee shall not have received notice of successful remarketing of a tendered Bond by the day that is one Business Day prior to the Bond Purchase Date (other than in the case of the exercise of an optional tender when the Bond is in the Daily Interest Rate Mode) or by 10:00 a.m. New York, New York time on the Bond Purchase Date (in the case of the exercise of an optional tender when the Bond is in the Daily Interest Rate Mode), or the proceeds of remarketing of any tendered Bond have not been received by the Trustee on or prior to 10:30 a.m., New York, New York time on the Bond Purchase Date, the Trustee shall, within the time required by the terms of the Credit Facility, draw on the then existing Credit Facility in an amount sufficient to enable the Trustee to pay the Purchase Price of each such Bond when due.

(b) On each Bond Purchase Date, the Borrower shall pay or cause to be paid to the Trustee the Purchase Price of a Bond tendered pursuant to, and in accordance with, Section 11.01 or Section 11.02 and which have not been remarketed pursuant to this Section 11.04, but only from (i) money obtained by the Trustee pursuant to the Credit

Facility then in effect to enable the Trustee to pay the Purchase Price of a tendered Bond, which amounts shall be received by the Trustee at or before 12:00 p.m., New York, New York time, on the Bond Purchase Date; and (ii) Eligible Funds from the Borrower to the extent that money obtained pursuant to (i) above are insufficient on any date to pay the Purchase Price of a tendered Bond.

(c) Upon receipt of such Purchase Price and upon receipt of the Bond tendered for purchase pursuant to Section 11.01 or Section 11.02, the Trustee shall pay such Purchase Price to the Registered Holder thereof; provided, that if the Purchase Price was theretofore paid from the proceeds of a draw on the Credit Facility, the Trustee shall pay such amount to the Credit Facility Provider. Any amounts drawn under the Credit Facility to purchase a Bond shall be used solely for such purpose. A Bond so purchased with amounts drawn under the Credit Facility by the Trustee shall be purchased for the account of the Borrower and registered as provided in the Reimbursement Agreement. Amounts drawn under the Credit Facility that are not used to purchase a Bond pursuant to this Section 11.04 shall be remitted by the Tender Agent or the Trustee to the Credit Facility Provider promptly upon payment of the Purchase Price of the Bond.

(d) Except with respect to a Bond purchased in lieu of redemption or acceleration pursuant to the provisions hereof, the Issuer may not purchase a Bond, from the Remarketing Agent or otherwise.

**Section 11.05. Delivery of Purchased Bond and Remarketing of Pledged Bond.** A Bond purchased by the Trustee on a Bond Purchase Date shall be delivered as follows:

(a) A Bond sold by the Remarketing Agent pursuant to Section 11.03 shall be delivered to the purchaser thereof.

(b) A Bond not sold by the Remarketing Agent pursuant to Section 11.03 shall be held as a Pledged Bond by the Trustee, as agent for the Credit Facility Provider or the Borrower, as the case may be, subject to any instructions from the Credit Facility Provider or the Borrower to deliver the Pledged Bond to the Credit Facility Provider or the Borrower and to the pledge in favor of the Credit Facility Provider or the Borrower created pursuant to the provisions of the Reimbursement Agreement. A Pledged Bond held by the Trustee shall not be released or transferred except to the Credit Facility Provider, the Borrower or to the Remarketing Agent at the written direction of the Credit Facility Provider or the Borrower as provided in the last paragraph of this Section. A Bond not sold by the Remarketing Agent shall be deemed purchased by the Credit Facility Provider upon application of the proceeds of a draw on the Credit Facility to pay the Purchase Price thereof or by the Borrower upon receipt and application of Eligible Funds from the Borrower pursuant to Section 11.04(b)(ii) to pay the Purchase Price thereof.

(c) The Remarketing Agent shall use its best efforts to remarket a Pledged Bond. Upon the remarketing of the Pledged Bond, the Remarketing Agent shall notify the Credit Facility Provider, the Trustee and the Borrower of such remarketing, the name, address and social security or other tax identification number of the purchaser, and the

date (the “Pledged Bond Remarketing Date”) that the purchaser shall deliver the Purchase Price to the Trustee by 11:00 a.m., New York, New York time. The Pledged Bond Remarketing Date shall be at least two Business Days after the date the notice of the purchase is given by the Remarketing Agent.

(d) No later than 11:00 a.m., New York, New York time, on each Pledged Bond Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of the Pledged Bond on such Pledged Bond Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Pledged Bond to pay the Purchase Price plus accrued interest, if any, to the Trustee in immediately available funds. The proceeds from the remarketing of the Pledged Bond shall be segregated from any funds of the Borrower or the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. The Trustee shall deposit such funds in the Bond Purchase Fund and shall pay the Credit Facility Provider such funds by wire transfer on the Pledged Bond Remarketing Date. The Credit Facility Provider shall deliver a Pledged Bond held by the Credit Facility Provider which have been so remarketed to the Trustee against payment on the Pledged Bond Remarketing Date. With respect to a Pledged Bond not so held by the Credit Facility Provider, the Credit Facility Provider shall direct the Trustee to release such Pledged Bond which has been so remarketed to the Remarketing Agent against payment therefor on the Pledged Bond Remarketing Date. Notwithstanding the foregoing, no Pledged Bond shall be released until the Trustee shall have received evidence that the Credit Facility Provider has reinstated amounts available to be drawn on the Credit Facility to an amount not less than 100% of the outstanding principal of, plus 35 days’ interest (or such larger days’ interest if the Rating Agency of the Bond so requires) on the Bond computed at the Maximum Rate. On the Pledged Bond Remarketing Date, the Trustee shall authenticate and deliver, if applicable, a new Bond in replacement of the remarketed Pledged Bond to the purchasers thereof.

(e) The Pledged Bond is pledged to the Credit Facility Provider or the Borrower, as applicable, and is secured by the Trust Estate.

## ARTICLE XII

### MISCELLANEOUS

**Section 12.01. Successors of Issuer.** All the covenants, stipulations, promises and agreements contained in this Indenture, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

**Section 12.02. Limitation of Rights to Parties and Bondholder.** Nothing in this Indenture or in the Bond expressed or implied is intended or shall be construed to give to any

person other than the Issuer, the Trustee, the Borrower, the Bondholder Representative and the holder of the Bond any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Trustee, the Borrower, the Bondholder Representative and the Bondowner. The Bondowner is an intended third-party beneficiary of this Indenture.

**Section 12.03. Waiver of Notice.** Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 12.04. Destruction of Bond.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Issuer of the Bond, the Trustee may, in lieu of such cancellation and delivery, destroy the Bond and deliver a certificate of such destruction to the Issuer.

**Section 12.05. Separability of Invalid Provisions.** In case any one or more of the provisions contained in this Indenture or in the Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

**Section 12.06. Notices.**

(a) It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Trustee, the Tender Agent, the Bondholder Representative or the Borrower if the same shall, except as otherwise provided herein, be duly mailed by first class mail, postage prepaid, or given by telephone or telecopier and confirmed by such mail, and to the other parties and addressed as follows:

The Issuer:	City of Los Angeles c/o Los Angeles Housing and Community Investment Department 8th Floor 1200 West 7th Street Los Angeles, CA 90017 Attention: Supervisor, Affordable Housing Bond Program HIMS# 18-124964 Facsimile: (213) 808-8918
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with a copy to:

Los Angeles Housing and Community Investment  
Department  
P.O. Box 532729  
Los Angeles, CA 90053-2729  
Attention: Supervisor, Affordable Housing Bond  
Program  
HIMS# 18-124964

The Trustee or the Tender Agent:


If to the Borrower:

CORE/Related Gala Rentals, LP  
c/o Related California  
333 South Grand Avenue, Suite 4450  
Los Angeles, CA 90071  
Attention: Steven Oh

and with a copy to  
(which shall not constitute notice  
to the Borrower):

The Related Companies, L.P.  
60 Columbus Circle  
New York, NY 10023  
Attention: Jennifer McCool, Chief Legal Officer  
Fax: (212) 801-3781

and

Levitt & Boccio, LLP  
423 West 55th Street, 8th Floor  
New York, NY 10019  
Attention: David S. Boccio, Esq.  
Fax: (212) 801-3762

If to the Bondholder  
Representative:

Deutsche Bank Securities, Inc.,  
60 Wall Street, 3rd Floor  
New York, NY 10005  
Attention: Municipal Capital Markets  
Fax: (212) 449-4856

and with a copy to:


The Issuer, the Trustee, the Tender Agent, the Bondholder Representative, and the Borrowers may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(b) Where this Indenture provides for giving of notice to the Trustee, such notice shall also be given to the Bondholder Representative and the Servicer. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto. Any notice required by this Indenture to be delivered by the Issuer shall be delivered by it to the Trustee, which shall be responsible for delivering it to the other parties entitled to receive such notice. If such notice is timely provided by the Issuer to the Trustee, it shall be deemed to be timely given to all parties entitled to receive such notice.

**Section 12.07. Authorized Representatives.** Whenever under the provisions of this Indenture the approval of the Issuer or the Borrower is required for any action, and whenever the Issuer or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the Issuer by the Authorized Issuer Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the Issuer, the Trustee and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

**Section 12.08. Evidence of Rights of Bondholder.**

(a) Any request, consent or other instrument required by this Indenture to be signed and executed by the Bondholder may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by the Bondholder in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of the Bond, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Issuer if made in the manner provided in this Section 12.08.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the

person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(c) The ownership of the Bond shall be proved by the Bond Register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of the Bond held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(d) Any request, consent or vote of the holder of the Bond shall bind every future holder of the Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in pursuance of such request, consent or vote.

(e) In determining whether the holder of the requisite aggregate principal amount of the Bond have concurred in any demand, request, direction, consent or waiver under this Indenture, a Bond which is owned by the Issuer or by any other direct or indirect obligor on the Bond, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other direct or indirect obligor on the Bond, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only the Bond which the Trustee, as applicable, knows to be so owned shall be disregarded. A Bond so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this subsection (d) if the pledgee shall establish to the satisfaction of the Trustee and the Issuer the pledgee's right to vote such Bond and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other direct or indirect obligor on the Bond. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Solely for purposes of the limitation expressed in this paragraph (d), the Borrower shall be deemed to be an indirect obligor on the Bond.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bondholder upon such notice and in accordance with such rules and regulations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**Section 12.09. Waiver of Personal Liability.** No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer or the Mayor or the City Council in other than that person's official capacity. No member, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.



**Section 12.10. Holidays.** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

**Section 12.11. Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

**Section 12.12. Governing Law, Venue.** The formation, interpretation and performance of this Indenture shall be governed by the laws of the State of California. Venue for all litigation arising from or in connection with the Bond or this Indenture shall be in Los Angeles, California.

**Section 12.13. Successors.** Whenever in this Indenture either the Issuer or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 12.14. Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

**Section 12.15. Assignment or Delegation by Trustee.** The services to be performed by Trustee are personal in character and neither this Indenture nor any duties or obligations of the Trustee hereunder may be assigned or delegated by the Trustee unless first approved by Issuer by written instrument executed and approved in the same manner as this Indenture.

**Section 12.16. Bondholder Representative; Trustee's, Credit Facility Provider's and Servicer's Consents.**

(a) The entity designated in the definition of "Bondholder Representative" hereto shall be the initial Bondholder Representative. The Bondholder Representative may provide written notice to the Trustee designating particular individuals authorized to act as its representative in certain capacities, or to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative, provided that such designation is in writing, and any notice to the Trustee of such designation may be amended or rescinded by the Bondholder Representative at any time, provided that any such amendment or rescission shall be in writing. The Bondholder Representative may be removed and a successor appointed by a Written Notice given by the Bondholder to the Trustee and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. The Bondholder may appoint any Person to act as Bondholder Representative, including, without limitation, the

Servicer. If, for any reason, no Bondholder Representative shall then be appointed, all references to Bondholder Representative herein and in the other Bond Documents shall be deemed to refer to the Bondholder.

(b) In the event that for any reason, no Credit Facility Provider shall then exist, all references to Credit Facility Provider herein shall be treated as if null and void and of no effect.

(c) Whenever pursuant to this Indenture or any other Bond Document, the Bondholder Representative or the Credit Facility Provider, if any, exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Bondholder Representative or the Credit Facility Provider, if any, the decision of the Bondholder Representative or the Credit Facility Provider, if any, to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein or therein provided) be in the sole discretion of the Bondholder Representative or the Credit Facility Provider and shall be final and conclusive.

Whenever this Indenture or any Bond Document requires the consent, determination, election, approval, waiver, acceptance, satisfaction or expression of opinion of, or the taking of any discretionary act by, the Trustee (as expressly provided or as assignee of the Issuer) or the Servicer (all of the foregoing being referred to as "Consent" in this Section 12.16), (i) the right, power, privilege and option of the Trustee to withhold or grant its Consent shall be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent, and the Trustee shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, (ii) the right, power, privilege and options of the Servicer to withhold or grant its Consent may, in the Bondholder Representative's discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent and, in such event, the Servicer shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, and (iii) the right, power, privilege and options of the Trustee, Bondholder Representative and the Servicer to withhold or grant their Consent may, in the Credit Facility Provider's (if any) discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Credit Facility Provider (if any) to withhold or grant such Consent and, in such event, the Trustee, the Servicer, and the Bondholder Representative shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture. The Trustee and the Servicer shall not grant or withhold any Consent until it has obtained the consent of the Bondholder Representative or the Credit Facility Provider, if applicable, and the Trustee and the Servicer shall grant or withhold any Consent as so directed by the Bondholder Representative.

(d) The Bondholder Representative and the Credit Facility Provider, if any, are third-party beneficiaries hereof, and accordingly will be entitled to rely on the rights granted to them herein. No implied covenants, fiduciary duties or other Liabilities shall attach to the Bondholder Representative.

**Section 12.17. Preservation and Inspection of Documents; Electronic Transactions.**

All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession so long as there is a Bond Outstanding and for six years thereafter and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer, any other Trustee, the Borrower, the Bondholder Representative and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

The transactions described in this Indenture may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**ARTICLE XIII**

**[THE FOLLOWING ARTICLE IS UNDER REVIEW AND DISCUSSION WITH HCID  
AND WHETHER THIS TRIGGERS ADDITIONAL REQUIREMENTS OF CDLAC]**

**[SUBORDINATE BOND]**

**Section 13.01. [Conversion Between Senior and Subordinate Bond].**

(a) [A Senior Bond shall be converted to a Subordinate Bond and a Subordinate Bond shall be converted to a Senior Bond to the extent the Senior Bond is purchased in lieu of redemption pursuant to Section 4.05 and upon the election of the Bondholder Representative in its sole discretion transmitted in writing in the form attached as Exhibit F to the Trustee.

(b) In connection with such conversion, the Registered Holder of the Senior Bond shall transmit the definitive Senior Bond or Subordinate Bond, as applicable, to the Trustee which shall then cancel such Senior Bond or Subordinate Bond, as applicable, and authenticate a Senior Bond or Subordinate Bond, as applicable, in the amounts stipulated in Written Direction provided to the Trustee by the Bondholder Representative in the form attached as Exhibit F.

(c) A Subordinate Bond shall be subject and subordinate in all respects to the Bond (other than a Subordinate Bond) and the Loan (including payments, if any, under the Note in respect of the Bond other than a Subordinate Bond) and to all terms, covenants, conditions and liens of the Bond Documents affecting the Bond (other than a Subordinate Bond) and/or the Loan and the Loan Agreement. Payment of the indebtedness evidenced by the Subordinate Bond is and shall be subject and subordinate in all respects, including in respect of the right to payment, to the prior payment in full of all amounts due and payable in respect of the (i) Bond (other than the Subordinate Bond), and (ii) the Loan (including payments under the Note in respect of the Bond other than a Subordinate Bond). The owner of the Subordinate Bond expressly subject and subordinate all of its right, title and interest in and to the Subordinate Bond in all respects to (1) the Trust Estate, (2) the payment in full of the Bond other than the Subordinate

Bond, (3) the payment in full of the Loan, and (4) the liens of the Deed of Trust and of the Trust Estate. In addition, notwithstanding anything contained in this Indenture, the Loan Agreement, the Note or the Deed of Trust to the contrary, the Issuer and the Holder of the Subordinate Bond agree, and the Trustee acknowledges, that:

(i) The sole source of funds available to the Issuer for the payment of the principal of, premium, if any, and interest on, the Subordinate Bond shall be the payments, if any, made by the Borrower under the Note in respect of the Subordinate Bond, which payments, if any, may be made only out of, and to the extent of, excess cash flow [SUBJECT TO CDLAC APPROVAL as “Cash Flow Permanent Bond” ? ] (as defined in Section 13.01(f));

(ii) Payments, if any, of the principal of, and interest on, the Note in respect of the Subordinate Bond may be made only after all current and past due obligations (A) in respect of the Bond (other than the Subordinate Bond) and the Loan (including payments under the Note in respect of the Bond other than the Subordinate Bond), and (B) under the Loan Agreement, have been paid in full;

(iii) The obligation of the Borrower to make payments, if any, on the Note in respect of the Subordinate Bond is and shall be subject and subordinate in all respects to the obligations of the Borrower to pay all amounts due (A) in respect of the Bond (other than the Subordinate Bond) and the Loan (including payments under the Note in respect of the Bond other than the Subordinate Bond), whether under the Bond Documents or otherwise, and (B) under the Loan Agreement;

(iv) So long as any amounts remain currently due and owing (A) in respect of the Bond (other than the Subordinate Bond) and the Loan, whether under the Bond Documents or otherwise, or (B) under the Loan Agreement, the Trustee shall not be entitled to make any payment in respect of the Subordinate Bond, notwithstanding a default or any arrearage in the payment of any amounts owing under or with respect to a Subordinate Bond; and

(v) Unpaid interest on the Subordinate Bond stemming from insufficient Excess Cash Flow shall not accrue, and shall be deemed canceled.

(d) The Trustee shall not, after the Trustee receives a Default Notice (as defined in Section 13.01(f)) or otherwise acquires knowledge of a default by the Borrower with respect to the Loan, make any payments in respect of the Subordinate Bond unless and until such default or Default has been cured or waived by the Bondholder Representative and the Bondholder (other than the Holder of the Subordinate Bond). Upon the occurrence of any Default attributable to any default, a Subordinate Bond shall, at the Written Direction of the Trustee, be cancelled and deemed satisfied for all purposes.

(e) A Bond purchased in lieu of redemption pursuant to Section 6.9 which becomes a Subordinate Bond registered in the name of the Borrower or its designee shall,

if they remain registered in the name of the Borrower or its designee, be cancelled by the Trustee in accordance with the provisions of Section 2.09 on the fifth anniversary date of the registration of such Bond in the name of the Borrower or its designee.

(f) For purposes of this Section 13.01, the following terms shall have the meanings set forth below:

*“Excess Cash Flow”* means, for any period, the excess of the gross revenues generated by the Deed of Trust Property from all sources for such period, excluding, however, the proceeds of casualty insurance (other than rent loss insurance), condemnation proceeds, capital contributions, loans or advances, rental income prepaid more than one month in advance and other unusual or extraordinary cash items the use and application of which is restricted or encumbered by the Loan Documents over the sum of: (i) all debt service, including interest expense and the amortization of all principal coming due in respect of the Loan and the Bond (other than the Subordinate Bond) during such period (whether by maturity, mandatory sinking fund payment, redemption, acceleration or otherwise), and all debt service on subordinate debt encumbering the Deed of Trust Property and permitted by the Bondholder Representative, provided that such subordinate debt is not payable solely out of excess available cash flow, (ii) operating, overhead, ownership and other expenditures (whether ordinary, capital or extraordinary expenditures (other than those paid from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), including, but not limited to, all direct and indirect costs, charges and expenses of owning, operating, maintaining and repairing the Deed of Trust Property, further including, without limitation, insurance, taxes, assessments and other public charges and all expenditures (capital or otherwise) required for the proper maintenance of the Deed of Trust Property in accordance with the Loan Documents (exclusive, at the option of the Borrower, of (A) payments made to affiliates in excess of market norms, (B) developer fees (however characterized) and (C) property management fees in excess of 4% of gross rent), (iii) all other obligations under the Loan Documents, including, but not limited to, the payment of all fees, costs and expenses and other expenditures (whether for capital expenditures, repairs or replacements (other than those paid from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), and the funding of any reserves or escrows required under the Loan Documents (including, but not limited to, replacement reserves, reserves for taxes, insurance, water and sewer charges and other similar impositions), operating reserves and interest rate hedge reserves, (iv) all other obligations of the Borrower under the Bond Documents (other than in respect of the Subordinate Bond), and (v) all other amounts that the Borrower is required to pay or set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

*“Default Notice”* means a written notice from the Servicer or the Trustee to the Borrower stating that a Default by the Borrower has occurred with respect to the Loan.]

IN WITNESS WHEREOF, the City of Los Angeles has caused this Indenture to be signed in its name and [TRUSTEE NAME], in recognition of its acceptance of the duties of the Trustee hereunder has caused this Indenture to be signed in its name, all as of the day and year first above written.

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Sean L. Spear  
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES  
MICHAEL N. FEUER, City Attorney

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

[Issuer's Signature Page to *Parcel Q* Indenture of Trust]

[TRUSTEE NAME], as Trustee

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

[Trustee's Signature Page to *Parcel Q* Indenture of Trust]

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

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THIS BOND MAY BE OWNED ONLY BY A QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE TERMS OF THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE INDENTURE TO BE AN OWNER OF THE BOND AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE TERMS OF THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF LOS ANGELES IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND.

**City of Los Angeles**  
**Multifamily Mortgage Revenue Bond**  
**(Grand Avenue Parcel Q Apartments)**  
**Series 2018F**

No. R-1 \$ \_\_\_\_\_

**Dated Date**  
[\_\_\_\_], 20

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

**CUSIP No.**

REGISTERED OWNER: [\_\_\_\_\_]

PRINCIPAL AMOUNT: [\_\_\_\_\_] DOLLARS

The CITY OF LOS ANGELES, a municipal corporation and charter city of the State of California, duly organized and existing under its charter and the laws of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner as of the Record Date specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined in the Indenture defined below), payable on each Bond Payment Date, commencing [\_\_\_\_\_] 20\_\_, and to pay any other amounts as specified in the Indenture; provided however, that if the Bond Payment Date is not also a Business Day, then payment 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 such payment was made on originally scheduled payment date. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at



the designated payment office of [TRUSTEE NAME] (the “Trustee” and “Bond Registrar”), or its successor.

Interest on this Bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, or a year of 365 or 366 days, as applicable, for the actual number of days elapsed, as provided in the Indenture. The amount of interest payable on the Bond on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least 10 Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond is the duly authorized bond of the Issuer designated as “City of Los Angeles Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F” (the “Bond”), in the aggregate principal amount of up to \$[\_\_\_\_\_] authorized to be issued pursuant to Section 248, as amended, 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 (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 the same may be amended (the “Act”) and a resolution of the City Council of the Issuer (the “Resolution”), and issued under and secured by an Indenture of Trust, dated as of [October 1, 2018] (the “Indenture”), between the Issuer and as trustee [TRUSTEE NAME] (the “Trustee”). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of the Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bond will be used to make a loan to CORE/Related Gala Rentals, LP (the “Borrower”) pursuant to a Loan Agreement, dated as of [October 1, 2018] (the “Loan Agreement”) between the Issuer and the Borrower, and under the terms of a Construction Loan Agreement, dated as of [October 1, 2018], among the Borrower, the Trustee, Deutsche Bank Securities, Inc., as Bondholder Representative, and Deutsche Bank Securities, Inc., as Servicer, all in order to finance the acquisition and construction of a residential rental project to be located in Los Angeles, California.

**THIS BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER OF THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM REVENUES AND FUNDS AND OTHER ASSETS PLEDGED THEREFOR IN THE INDENTURE AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF**

**THE ISSUER. NEITHER THE STATE OF CALIFORNIA NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE HEREON.**

**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 THE BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND, OR FOR ANY CLAIM BASED ON THE BOND, OR OTHERWISE IN RESPECT OF THIS BOND, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE 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 THE BOND, EXPRESSLY WAIVED AND RELEASED.**

**THIS BOND, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER SECURED BY THE TRUST ESTATE, IS AND SHALL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE AND IS AND SHALL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME SHALL BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE LOAN AGREEMENT. THIS BOND AND THE INTEREST THEREON IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE INDENTURE. THIS BOND DOES NOT CONSTITUTE A DEBT OF THE ISSUER, OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THIS BOND SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, BUT NOT OTHERWISE.**

**NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, BOARD MEMBER, EMPLOYEE, OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY**

**RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, BOARD MEMBERS, EMPLOYEES, OR AGENTS , AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.**

**THIS BOND HAS BEEN ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT.**

This Bond is a limited obligation of the Issuer and, as and to the extent set forth in the Indenture, is payable solely from, and secured by a pledge of and lien on, the Pledged Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement. Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bond is issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholder and the provisions for defeasance of such rights.

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

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By purchase of this Bond, the registered owner hereof authorizes the Bondholder Representative to exercise such rights and remedies afforded to it as provided in the Bond Documents.

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

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated Principal Office of the Trustee, but only in the manner and subject to the limitations (including those in Section 2.05(b) of the Indenture) provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The Indenture contains provisions permitting the Issuer and the Trustee to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act).

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

In the event of any conflict between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

[Remainder of Page Intentionally Left Blank]

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

CITY OF LOS ANGELES

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

(SEAL)

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

## FORM OF CERTIFICATE OF AUTHENTICATION

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

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

[TRUSTEE NAME], as Trustee

By \_\_\_\_\_  
Authorized Signatory

## FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

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

Signatures Guaranteed:

\_\_\_\_\_  
Note: Signature(s) must be guaranteed by an eligible guarantor.

\_\_\_\_\_  
Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

## **EXHIBIT B**

### **FORM OF WRITTEN REQUISITION OF THE BORROWER – CONSTRUCTION FUND**

**Draw # \_\_\_\_\_**

To: [TRUSTEE NAME], as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of [October 1, 2018] (the “Indenture”), between the Trustee and the City of Los Angeles, pursuant to which the City of Los Angeles Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F (the “Bond”) was issued.

1. You are requested to disburse funds from the Tax Exempt Bond Account of the Construction Fund pursuant to Section 3.03 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the acquisition, construction, development or equipping of the Project, each item is a proper charge against such Account of the Construction Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Issuance Costs or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Default under the Loan Agreement;

(vi) not less than 95% of the sum of (A) the amounts requisitioned herein to be funded with the proceeds of the Bond plus (B) all amounts allocated to the Bond



previously disbursed from the Construction Fund, have been or will be applied by the Borrower to pay Qualified Project Costs; and

(vii) such requisition complies with all applicable requirements of the Regulatory Agreement including, without limitation, Section 7(j) thereof, as well as with all applicable requirements of the Loan Agreement and Tax Certificate.

3. The undersigned has provided you with this Requisition an endorsement to the Deed of Trust title insurance policy delivered to the Trustee at closing increasing the affirmative mechanics and materialmen's lien coverage to an amount equal to the aggregate amount paid out of the Construction Fund including the amount to be paid under the requisitions then being submitted, together with any lien waivers or reports with respect to title to the Project required for the issuance of such endorsement.

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

**CORE/RELATED GALA RENTALS, LP**, a  
California limited partnership

By: CORE/Related Grand Ave Holdings, LLC, a  
Delaware limited liability company, its General  
Partner

By: CORE/Related Grand Ave JV, LLC, a  
Delaware limited liability company and its  
sole member

By: Related Grand Avenue LLC, a  
Delaware limited liability company  
and its managing member

By: \_\_\_\_\_  
Name: Michael J. Brenner  
Title: Executive Vice President

Approved by:

DEUTSCHE BANK SECURITIES, INC.,  
as Servicer

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

For Issuer consent requirements see  
Section 3.03(b) of the Indenture.

CITY OF LOS ANGELES, as Issuer

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

**EXHIBIT C**  
**FORM OF INVESTOR LETTER**

[Date]

City of Los Angeles  
Los Angeles, California

Kutak Rock LLP  
Omaha, Nebraska

[TRUSTEE NAME, as trustee, AND ADDRESS]

\$[200,000,000]  
City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby represents and warrants to you as follows:

1. The Investor proposes to purchase the above-captioned bond (the “Bond”) issued pursuant to that certain Indenture of Trust, dated as of [October 1, 2018] (the “Indenture”), by and between the City of Los Angeles (the “Issuer”) and [TRUSTEE NAME], as trustee (the “Trustee”). The Investor understands that the Bond is not rated by any securities rating agency, and will only be sold to the Investor with the above-addressed parties relying upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bond. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bond (the “Offering Information”). The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Indenture and the Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any “due diligence investigation or inquiry” by the Issuer, by each official of 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 Investor’s purchase of the Bond. The Investor recognizes and agrees that the Issuer, by each official of 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 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 accordance with the Indenture, including Section 2.05 thereof.

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, (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 notice to the Issuer where required under the Indenture. The Investor acknowledges that prior written consent of the Issuer may be required in order to transfer the Bond under the Indenture.

7. The Investor is: (i) a “qualified institutional buyer” (“QIB”) as defined in Rule 144A promulgated under the Securities Act (“Rule 144A”); or (ii) an “accredited investor” as defined in Rule 501 (a) (1), (2), (3) or (8) of Regulation D (“Regulation D”) (so long as, in the case of an accredited investor under Rule 501(a)(8), all of the equity owners of such accredited investor shall be described in Rule 501(a) (1), (2) or (3)) under the Securities Act (an “Institutional Accredited Investor”), and it understands that, except as otherwise permitted under the Indenture, the Bond may be offered, resold, pledged or transferred only to a person who is a QIB in a private offering as contemplated by Rule 144A or an Institutional Accredited Investor in a private offering as contemplated by Regulation D.

8. Except as otherwise permitted under the Indenture, 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 Investor 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, except as otherwise permitted under the Indenture, the Trustee is not authorized to register any transfer of the Bond prior to receipt of such Investor Letter, and the notice to the Issuer referenced in Section 6 above and the Indenture.

9. None of the Trustee, Bond Counsel, counsel to the Issuer, the Issuer, the City Council, 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 and (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 the revenues or other amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the 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 Investor has the authority to purchase the Bond and to execute this letter and other documents and instruments required to be executed by the Investor in connection with its purchase of the Bond. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to cause the Investor to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Investor.

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

14. The Investor agrees to indemnify and hold harmless the Issuer, the Issuer's officials, officers, directors, employees, agents, attorneys, accountants, advisors, consultants, servants and the members of the City Council of the Issuer, past, present and future, with respect to any claim asserted against any of them that is based upon the Investor's sale, transfer or other disposition of its interests in the Bond in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Investor in this letter.

15. The Investor acknowledges that interest on the Bond is not excludable from gross income of the owner thereof for federal income tax purposes for any period during which the Bond is owned by a person who is a Substantial User of the Project or a Related Person.

16. The Investor acknowledges that the sale of the Bond to the Investor is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

Very truly yours,

[PURCHASER]

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

**EXHIBIT D**

**FORM OF RESPONSIBLE BANKING ORDINANCE CERTIFICATE**

**RESPONSIBLE BANKING ORDINANCE  
REPRESENTATIONS AND COVENANTS OF BANK**

[\_\_\_\_\_, 201\_]

City of Los Angeles  
Los Angeles, California

[\$200,000,000]  
City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

Ladies and Gentlemen:

The undersigned on behalf of [\_\_\_\_\_] (the “Bank”) does hereby certify to the following as of the date of this certificate, relating to the Bank’s purchase from the City of Los Angeles (the “Issuer”) of the Issuer’s \$[200,000,000] initial principal amount of Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F (the “Bond”):

(a) The Bank shall file with the City Treasurer of the Issuer by August 1 of each year an annual statement of community reinvestment activities as required of a “commercial bank” under the Issuer’s Ordinance 182138 adopted May 25, 2012 (the “Responsible Banking Ordinance”); and

(b) The Bank represents that it has, prior to the date hereof, filed with the City Treasurer the report due by [\_\_\_\_\_] 1, 20\_\_ under the Responsible Banking Ordinance for calendar year [\_\_\_\_\_].

[Remainder of Page Intentionally Left Blank]

Very truly yours,

[BANK].

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

[Signature Page to *Parcel Q* Responsible Banking Ordinance Certificate]



**EXHIBIT E**  
**FORM OF**  
**NOTICE OF INTEREST RATE CONVERSION**

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

[REMARKETING AGENT]

Re: City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

Ladies and Gentlemen:

The undersigned is the Authorized Borrower Representative with respect to the above-referenced bond (the “Bond”) as such term is defined in the Indenture of Trust, dated as of [October 1, 2018] (the “Indenture”), between the City of Los Angeles (the “Issuer”) [TRUSTEE NAME], as trustee (the “Trustee”).

Pursuant to Section 2.11 of the Indenture you are hereby notified that the Bond is to be remarketed on [insert remarketing date] and the interest thereon shall be converted to [\_\_\_\_\_] effective [insert effective date] (the “Effective Date”). The Bond shall be in a [\_\_\_\_\_] mode from the Effective Date through [\_\_\_\_\_] or the prior redemption thereof.

The [Remarketing Agent] hereby certifies that such conversion is not reasonably expected to result in a deferral of, or a reduction in, any scheduled payment of interest or principal.

This notice is dated as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

AUTHORIZED BORROWER  
REPRESENTATIVE

By \_\_\_\_\_  
Authorized Signatory

**[EXHIBIT F**

**NOTICE OF SUBORDINATION OF BOND**

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

[REMARKETING AGENT]

Re: City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

Ladies and Gentlemen:

The undersigned is the Bondholder Representative with respect to the above-referenced bond (the "Bond") as such term is defined in the Indenture of Trust, dated as of October 1, 2018 (the "Indenture"), between the City of Los Angeles (the "Issuer") and [\_\_\_\_\_], as trustee (the "Trustee").

Pursuant to Article XIII of the Indenture you are hereby notified and instructed that the enclosed Bond shall be cancelled and exchanged for a Senior Bond and a Subordinate Bond in the amounts stipulated below:

Tax Exempt Bond Exchanged and Cancelled:	[\$[Principal Amount]
Tax Exempt Senior Bond Issued:	[\$[Principal Amount]
Tax Exempt Subordinate Bond Issued:	[\$[Principal Amount]

This notice is dated as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[MAJORITY BONDHOLDER]

By \_\_\_\_\_  
Authorized Signatory]

**Attachment C**

*Loan Agreement for Grand Avenue Parcel Q on next page.*

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**LOAN AGREEMENT**

by and between the

**CITY OF LOS ANGELES**

and

**CORE/RELATED GALA RENTALS, LP**

relating to

\$[200,000,000]  
City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

dated as of [October 1], 2018

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The interest of the City of Los Angeles (the “Issuer”) in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to [TRUSTEE NAME], as trustee (the “Trustee”), under that certain Indenture of Trust, dated as of [October 1], 2018, by and between the Issuer and the Trustee.

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## **LOAN AGREEMENT**

**THIS LOAN AGREEMENT** (as supplemented and amended from time to time, the “Loan Agreement”), dated as of [October 1], 2018, is by and between 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”), and **CORE/RELATED GALA RENTALS, LP**, a California limited partnership (together with its permitted successors and assigns, the “Borrower”).

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

### **ARTICLE I**

#### **DEFINITIONS AND INTERPRETATION**

**Section 1.01. Definitions.** Capitalized terms used in this Loan Agreement have the meanings given to such terms in Section 1.01 of the Indenture of Trust, dated as of [October 1], 2018 (as supplemented and amended from time to time, the “Indenture”), between the Issuer and [TRUSTEE NAME], as trustee.

**Section 1.02. Interpretation.** Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

#### **Section 1.03. Titles and Headings.**

(a) The titles and headings of the articles and sections of this Loan 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 and shall never be considered or given any effect in construing this Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

(b) All accounting terms not otherwise defined in Section 1.01 of the Indenture, when used in this Loan Agreement, shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to “Approved Accounting Method” refer to such method as it exists at the date of the application thereof.

(c) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(d) References to the Bond as “tax exempt” or the tax exempt status of the Bond are to the exclusion of interest on the Bond (other than a Bond held by a Substantial



User of the Project or a Related Person) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

**Section 2.01. Representations and Warranties of the Issuer.** The Issuer represents, warrants and covenants that:

(a) The Issuer is a charter city and municipal corporation organized and existing under its charter and the constitution and laws of the State. Under the provisions of the Act and the Law, the Issuer has the power to enter into the transactions on its part contemplated by this Loan Agreement, the Indenture, the Bond Purchase Agreement and the Regulatory Agreement (collectively, the “Issuer Documents”) and to carry out its obligations hereunder and thereunder. The financing of the Project constitutes and will constitute a permissible public purpose under the Act. By proper action, the Issuer has authorized the execution, delivery and due performance of its obligations under the Issuer Documents.

(b) Neither the execution and delivery of the Bond and the Issuer Documents, nor the Issuer’s compliance with the terms, conditions or provisions on the part of the Issuer in the Bond and the Issuer Documents, to the knowledge of the Issuer without investigation, conflicts in any material respect with or results in a material breach of any of the terms, conditions or provisions of any constitution or statute of the State, or of any agreement, instrument, judgment, order or decree to which the Issuer is now a party or by which it is bound or constitutes a material default by the Issuer under any of the foregoing.

(c) The Issuer has not created and will not create any debt, lien or charge upon the asset and monies explicitly pledged to the repayment of the Bond under the Indenture, and has not made and will not make any pledge or assignment of or create any encumbrance thereon, other than the pledge and assignment thereof under the Indenture.

(d) The Issuer has complied and will comply with all material provisions of the Act and the Law to be complied with by the Issuer applicable to the Bond and the transactions contemplated by this Loan Agreement and the other Issuer Documents.

(e) The Bond is being issued under the Indenture, and is secured by the Indenture pursuant to which the Issuer’s interest in this Loan Agreement (other than the Reserved Rights) is pledged and assigned to the Trustee. The Issuer covenants that it has not pledged and will not pledge or assign its interest in this Loan Agreement other than to the Trustee under the Indenture.

(f) No litigation or administrative action of any nature has been served on the Issuer and is now pending (i) seeking to restrain or enjoin the execution and delivery of the Indenture, this Loan Agreement or the Regulatory Agreement, or in any manner questioning the proceedings or authority of the Issuer relating thereto or otherwise

affecting the validity of the Bond, or (ii) challenging the existence or authority of the Issuer or its officers or that of its members or its officers and, to the knowledge of the Issuer, none of the foregoing are threatened.

The Issuer makes no representation or warranty that the Project will be adequate or sufficient for the purposes of the Borrower. Nothing in this Agreement shall be construed as requiring the Issuer to provide any financing for the Project other than the proceeds of the Bond.

## **Section 2.02. Representations, Warranties and Covenants of the Borrower.**

(a) The Borrower with respect to itself, hereby represents, warrants and covenants as of the date hereof that:

(i) It is in good standing in the State and has full legal right, power and authority under the laws of the United States of America and the State (A) to enter into this Loan Agreement and the other Bond Documents to which it is a party; (B) to perform its obligations hereunder and thereunder; and (C) to consummate the transactions on its part contemplated by the Bond Documents. The Person executing the Bond Documents for it to which it is a party is fully authorized to execute the same. The Bond Documents to which it is a party have been duly authorized, executed and delivered by it. Its sole business is the ownership, management and operation of its respective interests in the Project.

(ii) Upon the execution and delivery thereof by the parties thereto, each of the Bond Documents to which it is a party will constitute a valid and binding obligations of it, enforceable upon it in accordance with its respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting creditors' rights generally and by judicial discretion in the exercise of equitable remedies.

(iii) The execution and delivery of the Bond Documents to which it is a party, the performance by it of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby will not violate its formation documents, or any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which it is a party or by which it or any of its property is bound.

(iv) No consent or approval of any trustee or holder of any indebtedness of it, and to the best of its knowledge and only with respect to it, no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery by it of the Bond Documents to which it is a party, or the consummation of any transaction on its part herein or therein contemplated, or the

fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(v) No litigation or administrative action of any nature has been served on it and is now pending (i) seeking to restrain or enjoin the execution and delivery of any of the Bond Documents, or in any manner questioning the proceedings or authority of it relating thereto or otherwise affecting the validity of the Bond, or (ii) challenging the existence or authority of it or its partners or members, as applicable, and, to the Borrower's knowledge none of the foregoing is threatened in writing.

(vi) It has not received any written notice declaring that it is in default under any document, instrument or commitment to which it is a party or to which it or any of its property is subject which default would or could affect its ability to carry out its obligations under this Loan Agreement and the other Bond Documents to which it is a party.

(vii) It acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of its interests in the Project and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner except to issue the Bond in order to provide funds to make the Loan.

(viii) It has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on the Bond to be included in the gross income of the owners thereof for purposes of federal income taxation (other than a Substantial User of the Project or a Related Person).

(ix) It covenants that it will not knowingly take, or knowingly cause or suffer to be taken by the Trustee, any action with respect to the proceeds of the Bond which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bond would have caused the Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

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

(xi) No statement of fact made by it in any Bond Documents to which it is a party contains any untrue statement of a material fact or omits to state any

material fact necessary to make statements contained therein in light of the circumstances in which they were made, not misleading. There is no material fact or circumstance presently known to it that has not been disclosed to the Bondholder Representative which materially and adversely affects the Project or its business, operations or financial condition or business prospect or its ability to meet its obligations under this Loan Agreement and the other Bond Documents to which it is a party in a timely manner.

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

(xiii) It has not received written notice of default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect its financial condition or its business. There has not been committed by it or any Affiliate of it involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against its interests in the Project or any part thereof or any moneys paid in performance of its obligations under any Bond Document to which it is a party.

(xiv) All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Issuer or the Bondholder Representative in respect of the Project by or on its behalf, to the best of its knowledge, (A) are accurate and complete in all material respects, (B) accurately represent, in all material respects, the financial condition of the Project as of the date of such reports, and (C) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with the Approved Accounting Method, except as disclosed therein. Other than as discussed in its financial information provided to the Bondholder Representative in writing, it has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in its financial condition, operations or business from that set forth in said financial statements.

(xv) It has not received written notice of any Condemnation or other proceeding that has been commenced and, to its’ knowledge, no Condemnation or other proceeding has commenced or is contemplated, threatened or pending with respect to all or part of the Project or for any relocation of any roadways providing access to the Project.

(xvi) It is not a “foreign person” within the meaning of §1445(f)(3) of the Code.

(xvii) Its interests in the Bond Documents are not subject to, and it has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

(xviii) It has not received written notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would materially and adversely affect the Project's insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond.

(xix) It hereby represents, covenants and agrees to comply in all material respects with the provisions of all applicable state laws relating to the Bond and the Project.

(xx) It is not (A) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; or (B) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(xxi) Unless prior Written Notice is given to the Issuer, the Trustee and the Bondholder Representative, it has not used and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. Its principal place of business is its primary address for notices as set forth in Section 12.06 of Indenture, and it has no other place of business, other than the Project and such principal place of business.

(xxii) By its execution and delivery of this Loan Agreement, it approves the form and substance of the Indenture, and agrees to carry out the responsibilities and duties specified in the Indenture to be carried out by it, as if the Borrower were a party to the Indenture.

(xxiii) Neither the Borrower nor any Related Person thereto shall acquire the Bond in any amount.

(b) The Borrower represents, warrants and covenants that:

(i) Any certificate signed by an Authorized Borrower Representative and delivered pursuant to this Loan Agreement or the other Bond Documents shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(ii) The Project is located wholly within the city of Los Angeles, California.

(iii) The Borrower will take all actions on its part to be taken to obtain all necessary certificates, approvals, permits and authorizations with respect to the

construction and operation of the Project from applicable local governmental agencies and agencies of the State and the federal government.

(iv) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income of the owners thereof for federal income tax purposes of the interest on the Bond (other than the exclusion from gross income of the interest on the Bond in respect of a Substantial User of the Project or a Related Person). The Borrower intends to utilize all of the units that comprise the Project as multifamily rental housing during the Qualified Project Period.

(v) Not in excess of 2% of the proceeds of the Bond will be used to pay Issuance Costs.

(vi) The construction and operation of the Project in the manner presently contemplated and as described herein, in the Construction Funding Agreement and in the Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Project to be operated in all material respects in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(vii) In the event the Loan proceeds are not sufficient to complete the construction and equipping of the Project and the payment of all Issuance Costs, the Borrower will furnish or cause to be furnished any additional moneys necessary to complete the construction and equipping of the Project and to pay all Issuance Costs. The Borrower shall not be entitled to any reimbursement for such additional costs of the Project or payment of Issuance Costs from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under this Agreement.

(viii) All of the proceeds from the Loan plus the income from the investment of the proceeds of the Loan will be used to pay or reimburse the Borrower for Project Costs, and at least 95% of the proceeds of the Loan will be used to pay or reimburse the Borrower for Qualified Project Costs and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Loan are expended so as to cause the Bond to constitute "qualified residential rental bond" within the meaning of Section 142(d) of the Code.

(ix) The estimated total cost of the construction of the Project is equal to or in excess of the principal amount of the Loan.

(x) The Borrower has marketable leasehold title to the Project pursuant to the Ground Lease, free and clear of all Liens except the Permitted Encumbrances. The Deed of Trust, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (A) a valid, first priority lien on the leasehold interest in the Project and (B) perfected security interests in and to, and perfected collateral assignments of, all personality described in the Deed of Trust (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower's knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Bond Documents.

(xi) The Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements.

(xii) 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 Bond Document.

(xiii) To the Borrower's knowledge, the Project will be served by water, sewer, sanitary sewer and storm drain facilities reasonably adequate to service it for its intended uses. Except as disclosed on the survey for the Project (the "Survey"), to Borrower's knowledge, all public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project or through a valid easement, and, except as disclosed on the Survey, to Borrower's knowledge, all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads reasonably necessary for the use of the Project for its contemplated purpose will be completed and, if required, dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, and except as reflected in the Survey, to Borrower's knowledge, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (A) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (B) the parties who benefit from and who are burdened by such easement and/or recreational facilities and amenities must be specified, (C) the Borrower's responsibilities are specified and the manner of calculation of the Borrower's share of expenses is specified, and (D) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

(xiv) As of the Closing Date, the Borrower has obtained the insurance required by Section 6.39 hereof and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Loan Agreement and the Deed of Trust.

(xv) The building that contains the Project will be used as a multifamily residential rental project and other appurtenant and related uses, including the amenity and common area, as well as certain unrelated uses (including approximately [ ] square feet of space which is not part of the Affordable Project, and the construction and equipping of which are not being financed with proceeds of the Loan, as the costs of which are not Project Costs), which uses are consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction, development and equipping of the Project have been or will be obtained. To the Borrower's knowledge, as of the Closing Date all Licenses 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 Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the completion of the Project. No Licenses 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 sale under the Deed of Trust or deed in lieu of foreclosure thereunder. To Borrower's knowledge, no proceedings that would result in a change of the zoning of the Project not consistent with the presently contemplated uses of the Project described in this paragraph are pending or threatened.

(xvi) As of the Closing Date, except as disclosed on the Survey, to Borrower's knowledge, all no structure within the property subject to the Deed of Trust lies or is located in an identifiable or designated Special Flood Hazard Area. Subsequent to the Closing Date, if any portion of the Project subject to the Deed of Trust is determined to be in a Special Flood Hazard Area, the Borrower will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as reasonably required by the Servicer pursuant to its underwriting guidelines (to the extent available at commercially reasonable rates).

(xvii) Following completion, Borrower will maintain the Project, including all Improvements, parking facilities, systems, fixtures, equipment and landscaping, in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted).



(xviii) The physical configuration of the Project is not in material violation of the Americans with Disabilities Act, if required under applicable law.

(xix) Except as disclosed on the Survey, (i) all of the Improvements will lie wholly within the boundaries and building restriction lines of the Project, (ii) no improvement on an adjoining property encroaches upon the Project, and (iii) no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value of the Project, except those insured against by the Title Insurance Policy.

(xx) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been or will be paid on or prior to the Closing Date. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Bond Documents to which the Borrower is a party have been or will be paid.

(xxi) There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than the Mixed-Use Project Loan, the Subordinate Debt, Permitted Encumbrances and the indebtedness described in Section 6.33, [except an unsecured deferred developer fee and construction management fee] not to exceed the amount permitted by Bondholder Representative as determined on the Closing Date.

(xxii) The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

(xxiii) The Project satisfies (in all material respects) all requirements of the Act and the Code applicable to the Project.

(xxiv) The Project will be, as of the date of issuance of the Bond, in all material respects, in compliance with all requirements of the Regulatory Agreement, including all applicable requirements of the Law, the Act, and the Code, to the extent such requirements are applicable; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act, the Law, and the Code, and pursuant to leases which comply with all applicable laws and the Regulatory Agreement.

(xxv) The Borrower shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the

State and the Issuer. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment by the denial of family and medical care leave, denial of pregnancy disability leave, or denial of 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 (except as permitted in the Regulatory Agreement), 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 (except as permitted in the Regulatory Agreement), 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.

(xxvi) The 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, OR 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

THERE TO. THE PROVISIONS OF THIS SECTION 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.

(c) The Borrower further represents, warrants and covenants that:

(i) It is a limited partnership, duly organized and existing under the laws of the State of California.

(ii) It intends to hold its interests in the Project for its own account, and has no current plans to sell and has not entered into an agreement to sell any of its interests in the Project.

It is hereby acknowledged that, for purposes of this Loan Agreement, the term “knowledge” with regard to any person means known to, or with reasonable investigation, should be known to, such person, and if such person is an entity, to any officer, director, general partner or manager of such person.

The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants. All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of this Agreement true and correct in all material respects.

**Section 2.03. Hazardous Waste Covenant.** In addition to and without limitation of any other representations, warranties and covenants made by the Borrower under this Loan Agreement and under the other Loan Documents, the Borrower further represents, warrants and covenants that the Borrower will not use or permit Hazardous Materials (as defined hereinafter) on, from, or affecting the Project (a) in any manner which violates federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, or (b) in a manner that would create a material adverse effect on the Project. Without limiting the foregoing, the Borrower shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Borrower cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or subtenant, a release of Hazardous Materials on to the Project or on to any other property in a manner which violates federal, state, or local laws, ordinances, rules or regulations or in a manner that would create a material adverse effect on the Project. The Borrower shall comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules

and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other action required by a governmental authority under an applicable statute or regulation to clean up and remove all Hazardous Materials, on, from, or affecting the Project in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations.

To the fullest extent permitted by law, Borrower shall defend, indemnify, and hold harmless the Issuer from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature (including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses), known or unknown, contingent or otherwise (collectively, "Losses"), arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Project which affect, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Project, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials. In the event the Project is foreclosed upon, or a deed in lieu of foreclosure is tendered, or this Loan Agreement is terminated, the Borrower shall deliver the Project in a manner and condition that shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Project.

For the purposes of this Section 2.03 and Section 2.04, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in or regulated under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601 et seq.), and in the regulations promulgated pursuant thereto, or any other federal, state or local environmental laws, ordinances, rules, or regulations. The provisions of this Section 2.03: (a) shall not apply to lawful conditions permitted by an O&M Program (defined in the Loan Documents) or the safe and lawful use and storage of quantities of (i) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, renovation, operation, maintenance or use of comparable multifamily properties, (ii) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Project; and (iii) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Project's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws (defined in the Deed of Trust), (b) shall be in addition to any and all other obligations and liabilities the Borrower may have to the Issuer at common law, and (c) with respect to any liability or cost arising as a result of acts or omissions of the Borrower during the term of this Loan Agreement, shall survive the termination of this Loan Agreement. This Section 2.03 shall not obligate the

Borrower in any way with respect to any acts or omissions of any entity that succeeds the Borrower as owner of the Project.

The indemnifications and protections set forth in this Section 2.03 (i) shall be extended, with respect to the Issuer, and its members, officers, employees and agents and (ii) shall be for the full and equal benefit of the Trustee, as assignee of the Issuer under the Indenture.

Anything to the contrary in this Loan Agreement notwithstanding, the covenants of the Borrower contained in this Section 2.03 shall remain in full force and effect after the termination of this Loan Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought, and (ii) payment in full or the satisfaction of such claim or cause of action and of all expense and charges incurred by the Issuer relating to the enforcement of the provisions herein specified.

For the purposes of this Section 2.03, the Borrower shall not be deemed an employee, agent or servant of the Issuer.

#### **Section 2.04. Additional Environmental Matters.**

(a) The Borrower shall require in any management agreement for the Project that the management company shall operate and maintain the Project in material compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, concerning the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq., and the Clean Air Act of 1970, 42 U.S.C. Section 4321, and all rules, regulations and guidance documents promulgated or published thereunder, and any state, regional, county or local statute, law, rule, regulation or ordinance relating (i) to releases, discharges, emissions or disposal of Hazardous Materials to air, water, land or ground water, (ii) to the withdrawal or use of ground water, (iii) to the use, handling or disposal or polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde, (iv) to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) and any other solid, liquid or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Project or the property adjacent to or surrounding the Project, (v) to the exposure of persons to toxic, hazardous or other controlled, prohibited or regulated substances or (vi) to the transportation, storage, disposal, management or release of gaseous or liquid substances and any regulation, order, injunction, judgment, declaration, notice or demand issued thereunder.

(b) The Borrower shall keep the Project free and clear of any liens or encumbrances ("Environmental Liens") securing payment of the costs of any response, removal or remedial action or cleanup of Hazardous Materials (as defined in

Section 2.03), subject to the Borrower's right to contest such Environmental Liens, pursuant to Section 6.02 below.

(c) The Borrower covenants and agrees that it will not knowingly conduct or allow to be conducted any business, operations or activity on the Project, or employ or use the Project to manufacture, treat, store (except as permitted under the Bond Documents), or dispose of any Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof), or any other substance the disposal of which is prohibited, controlled or regulated under applicable law, or which poses a threat or nuisance to safety, health or the environment, including, without limitation, any business, operation or activity which would violate the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., or cause or knowingly allow to be caused, a release or threat of release, of a non-de minimis quantity of Hazardous Materials on the Project as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., or any similar state, county, regional or local statute providing for financial responsibility for cleanup for the release or threatened release of Hazardous Materials provided for thereunder.

(d) The Borrower covenants and agrees that it shall take all appropriate response action, including any removal and remedial action, in the event of a release, emission, discharge or disposal of Hazardous Materials in, on, under or about the Project for which the Borrower is liable under state, federal or local environmental rules or regulations.

(e) The Borrower shall, as soon as practicable and in any event within 15 days of its receipt thereof, notify the Issuer and the Bondholder Representative of any written notice, letter, citation, written order, written warning, written complaint, written claim or written demand received from any governmental agency that (i) the Borrower or any tenant has violated, or is about to violate, any federal, state, regional, county or local environmental, health or safety statute, law, rule, regulation, ordinance, judgment or order; (ii) there has been a release, or there is a threat of release, of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) from the Project; (iii) the Borrower or any tenant may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof); or (iv) the Project is subject to a lien in favor of any governmental entity for any environmental law, rule or regulation arising from or costs incurred by such governmental entity in response to a release of a Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof).

(f) During the period in which this Loan Agreement is in effect, the Borrower hereby grants the Issuer and the Trustee, and their respective agents, attorneys, employees, consultants and contractors, an irrevocable license and authorization upon

reasonable prior written notice of not less than three days, or 24 hours in the case of an emergency (subject to the rights of the applicable residents), to enter upon and inspect the Project and perform such tests, including, without limitation, subsurface testing, soils and ground water testing, and other tests which may physically invade the Project, as the Issuer or the Trustee, in their respective reasonable discretion, determine are necessary to protect the lien created by the Deed of Trust. Such entry, inspection, and testing shall be conducted in a manner which does not interfere with any tenant's right of occupancy or disturb any tenant's right of peaceable quiet enjoyment. The provisions of this Section 2.04 shall be for the full and equal benefit of the Issuer, and of the Trustee as assignee of the Issuer under the Indenture.

**Section 2.05. Survival of Representations and Covenants.** All of the representations and warranties in Sections 2.01, 2.02, 2.03 and 2.04 (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing, and (ii) shall be deemed to have been relied upon by the Servicer, the Trustee, the Bondholder Representative and the Bondholder notwithstanding any investigation heretofore or hereafter made by the Servicer, the Trustee, the Bondholder Representative or the Bondholder or on its behalf, provided, however, that the representations, warranties and covenants set forth in Sections 2.03 and 2.04 shall survive in perpetuity and as to the Borrower (but not as to its members, partners, managers, shareholders, employees or agents) shall not be subject to the exculpation provisions of Section 5.04.

### **ARTICLE III**

#### **THE LOAN**

**Section 3.01. Closing of the Loan.** The closing of the Loan shall not occur until the following conditions are met:

(a) the Issuer shall have received an original executed counterpart of this Loan Agreement, the Note, the Tax Certificate, the Regulatory Agreement, the Bond Purchase Agreement and the Deed of Trust, together with evidence satisfactory to the Issuer of the recordation of the Regulatory Agreement and the Deed of Trust in the official records of the real property records of the County of Los Angeles, which may be by telephonic notice from a title company (or, in lieu of such recordation, that such documents have been delivered to an authorized agent of the title company for recordation under binding recording instructions from Bondowner's counsel or such other counsel as may be acceptable to the Issuer and Bondowner);

(b) no Default nor any event which with the passage of time and/or the giving of notice would constitute an Default under this Loan Agreement shall have occurred and the Borrower shall have so certified in writing;

(c) all legal matters incident to the transactions contemplated by this Loan Agreement shall be concluded to the reasonable satisfaction of counsel to the Issuer;

(d) counsel to the Borrower shall have delivered one or more opinions in form satisfactory to counsel to the Issuer, Bond Counsel and counsel to the Bondholder

Representative regarding the enforceability against the Borrower of each of the documents to which the Borrower is a party;

(e) delivery to the Trustee for deposit in the Costs of Issuance Fund, or into escrow with the title company (or separate escrow company, if applicable), of all amounts required to be paid in connection with the origination of the Loan and any underlying real estate transfers or transactions (including all Issuance Costs), as specified in written instructions delivered to the title company by counsel to the Bondholder Representative (or such other counsel as may be acceptable to the Bondholder Representative) and/or as specified in a closing memorandum of the Bondholder Representative;

(f) the Construction Funding Agreement shall have been executed by the parties thereto; and

(g) the receipt of the proceeds of the Sale of the Bond by the Trustee.

**Section 3.02. Commitment to Execute the Note.** The Borrower shall execute and deliver the Note, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Deed of Trust simultaneously with the execution by them of this Loan Agreement.

**Section 3.03. Making of the Loan.** The Issuer hereby makes to the Borrower and agrees to fund, and the Borrower hereby accepts from the Issuer, upon the terms and conditions set forth herein and in the Construction Funding Agreement, the Loan and agree to have the proceeds of the Loan deposited with the Trustee and disbursed in accordance with the provisions of the Indenture, this Loan Agreement and the Construction Funding Agreement. The obligation of the Issuer to finance the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bond with the Trustee.

**Section 3.04. Disbursement of Loan Proceeds and Other Amounts.**

(a) The Issuer hereby authorizes and directs the funding of the entire principal amount of the Loan on the Closing Date, subject to the conditions set forth in Section 3.01 above. Subject to the foregoing, the Borrower hereby authorizes the Issuer to cause to be deposited, transferred, disbursed and applied, on the date of execution and delivery of the Note, the proceeds of the Bond representing an advance of the principal amount of Loan, all as provided in the Indenture and the Funding Memorandum.

(b) The Trustee shall make disbursements of the remaining principal amount of the Loan directly to or for the benefit of the Borrower subject to Section 3.03 of the Indenture, and on the terms and subject to the conditions set forth in the Construction Funding Agreement, and as follows: the parties express and acknowledge their mutual intent that at least 95% of the proceeds of the Loan which are proceeds of the Bond be allocated exclusively to pay Qualified Project Costs which are includable in the aggregate basis of any building (the "Allowable Costs"), in order to comply with Section 42(h)(4)(B) of the Code. The Issuer hereby authorizes and requests that the Borrower maintains such accounting and other records as shall be necessary to carry out



the mutual intent of the parties with respect to the allocation of the Bond proceeds, and the Issuer shall have no responsibility whatsoever with respect thereto. In furtherance thereof, the Borrower agrees to comply with the provisions of Section 6.17(o) hereof.

(c) Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee in accordance with Section 5.05 of the Indenture.

## **ARTICLE IV**

### **LIMITED LIABILITY**

**Section 4.01. Limited Liability of the Issuer.** Notwithstanding anything herein or in any other instrument to the contrary, the Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bond or any of the other Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement. All obligations and any liability of the Issuer shall be further limited as provided in Sections 5.01(d), 7.17 and 12.09 of the Indenture.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bond will be provided by the payments made by the Borrower pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agree that if the payments to be made hereunder shall ever prove insufficient to pay all Bond Obligations as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon written notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such Bond Obligations, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

**THE BOND IS NOT AN OBLIGATION, EITHER GENERAL OR SPECIAL, AND DOES NOT CONSTITUTE A PLEDGE OF THE GENERAL CREDIT OR TAXING POWER, OF THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, BUT IS PAYABLE SOLELY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE AND NOT FROM ANY OTHER REVENUE, FUNDS OR ASSETS OF THE ISSUER. NEITHER THE CITY OF LOS ANGELES, THE STATE OF CALIFORNIA NOR ANY OTHER POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON. NO MEMBER, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE, THE BOND OR THIS AGREEMENT, SHALL BE LIABLE PERSONALLY ON THE BOND, THE INDENTURE OR THIS AGREEMENT OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BOND. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BOND, OR FOR ANY CLAIM BASED ON THE BOND, OR OTHERWISE IN RESPECT OF THE BOND, OR BASED ON OR IN RESPECT OF THIS AGREEMENT,**

**THE INDENTURE OR ANY SUPPLEMENT TO EITHER, 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 THE BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THE BOND, EXPRESSLY WAIVED AND RELEASED.**

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 Agreement, the Law or the Act, provided such director, officer, employee, attorney or agent acts in good faith. No agreements or provisions contained in this 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 4.02. Limitation on Liability of Bondholder Representative's Officers, Employees, Etc.** Any obligation or liability whatsoever of the Bondholder Representative that may arise at any time under this Loan Agreement or any other Loan Document shall be satisfied, if at all, out of the Bondholder Representative's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Bondholder Representative's shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

## **ARTICLE V**

### **REPAYMENT OF THE LOAN**

#### **Section 5.01. Loan Repayment.**

(a) The Borrower shall make Loan Payments in accordance with and subject to the terms of the Note. Each Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee or the Servicer by 2:00 p.m., New York City time, on the Loan Payment Date. Each such payment shall be made to the Trustee or the Servicer by deposit to such account as the Trustee or Servicer, as applicable, may designate by Written Notice to the Borrower. Whenever any Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Loan Payments in accordance with the Note in the amounts and at the times necessary to make all payments due and payable on the Bond. All payments made by the Borrower hereunder or by the Borrower under the other Bond Documents, shall be made

irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

Notwithstanding the provisions of the immediately preceding paragraph, to the extent amounts on deposit in the Capitalized Interest Account of the Construction Fund are not sufficient to pay the Bond Obligations due on the next succeeding Bond Payment Date as described in Section 3.03(d) of the Indenture, during any Fixed Interest Rate Mode, the Borrower shall transfer to the Trustee, as assignee of the Issuer, not later than the fifteenth calendar day following each Bond Payment Date, an amount necessary to cause the amount on deposit in the Bond Obligation Account of the Bond Fund to be equal to or greater than the Bond Obligation due on the next succeeding Bond Payment Date. Amounts on deposit in the Bond Obligation Fund shall be credited against the Borrower's obligation to make the Loan Payments due hereunder. The failure of the Borrower to make any such transfer shall not constitute a Loan Agreement Default hereunder unless and until the occurrence of an event described in Section 7.01(a) hereof.

(b) Except as otherwise set forth in the Indenture, the Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for monies in the Rebate Fund and monies due the Issuer on deposit in the Expense Fund) held by the Trustee in trust for the benefit of the Bondholder.

(c) Unless there is no Servicer, payments of principal and interest on the Note shall be paid by the Borrower to the Servicer. If there is no Servicer, payments of principal and interest on the Note shall be paid by the Borrower directly to Trustee.

(d) The Borrower shall pay to the Trustee on demand the following amounts; provided, however that the Borrower shall not be responsible for any costs associated with any securitization of the Bond:

(i) the Rebate Amount then due, if any, to be deposited by the Trustee in the Rebate Fund as specified in Section 5.06 of the Indenture and the costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Loan Payment);

(ii) all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee's Fee or the Issuer's fees) incurred under the Indenture, as and when the same become due;

(iii) all Issuance Costs and fees, charges and expenses, including agent and counsel fees incurred in connection with the issuance of the Bond, as and when the same become due, to the extent not paid from the Costs of Issuance Fund;

(iv) all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Issuance Costs paid on the Closing Date), of

the Issuer incurred by the Issuer at any time in connection with the Bond or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Bond Documents or any other documents relating to the Project or the Bond or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit; and

(v) all late charges due and payable under the terms of the Note and Section 5.01(l) herein; provided, however, that all payments made pursuant to this subsection (e) shall be made to the Servicer, if there is no Servicer, such payments shall be made to the Trustee.

(e) The Borrower shall pay to the party entitled thereto as expressly set forth in this Loan Agreement or the other Bond Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Loan Agreement, the Regulatory Agreement, the Indenture or any other Loan Document or Bond Document by the Issuer, the Servicer, the Bondholder Representative, the Trustee or the Bondholder;

(ii) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Loan Agreement, the Indenture and any other Bond Document; and

(iii) all reasonable expenses, costs and fees relating to inspections of the Project required by the Bondholder Representative or the Servicer in accordance with the Bond Documents or to reimburse such parties for such expenses, costs and fees.

(f) The Borrower further agrees to pay, prior to delinquency, all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments with respect thereto; provided, however, that the Borrower reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project. In addition, the Borrower agrees to pay any loan fee, processing fee and all title, escrow, recording and closing costs and expenses, any appraisal costs and all other reasonable fees and costs associated with or required in connection with the Bond, the Regulatory Agreement and Indenture; including but not limited to any such amounts described in Section 8.06 of the Indenture.

(g) The Borrower hereby acknowledges and consents to the assignment by the Issuer to the Trustee of the Issuer's rights under the Note, the Deed of Trust, this Loan Agreement and the other Loan Documents (excepting only the Reserved Rights), and the appointment of the Trustee as agent of the Issuer to collect the payments on the Loan (to

the extent made to the Trustee under Section 5.01(c)), all as set forth herein and in the Indenture.

(h) [Intentionally Omitted].

(i) The Borrower agrees to pay to the Issuer within 30 days after receipt of written request for payment thereof, all fees and out-of-pocket expenses of the Issuer related to the financing of the Project (and not including matters related solely to the construction of the Project) that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement (including Section 5.01(d)(iv) above) and are not paid from disbursements of the Loan or from the Expense Fund under the Indenture.

(j) The Borrower agrees to pay to the Trustee, within 30 days after receipt of written request for payment thereof, its fees and all reasonable out-of-pocket expenses of the Trustee in connection with its serving as Trustee under the Indenture that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement.

(k) The Borrower shall deposit or cause to be deposited with the Trustee on the Closing Date an amount equal to the Initial Bond Fund Deposit and other deposits as set forth in Section 3.03 of the Indenture, if any. The Borrower shall deposit or cause to be deposited with the Trustee on the date of execution and delivery of this Loan Agreement an amount equal to the Costs of Issuance Deposit.

(l) If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the Servicer a Late Charge in the amount and to the extent set forth in the Note, if any. Any such Late Charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance. Late Charges shall be secured by the applicable Bond Documents. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, nor act as a waiver of any other rights, that the Servicer, the Issuer, the Trustee or the Bondholder Representative may have as provided herein, at law or in equity.

**Section 5.02. Optional Prepayment of Note.** The Borrower shall have the option to prepay the Note to the extent and in the manner set forth therein, exercisable by Written Notice to the Issuer and the Trustee given at least 60 days prior to the proposed prepayment date (or such shorter time as agreed to by Bondholder Representative in its sole discretion), for the purpose of redeeming the Outstanding Bond in accordance with Section 4.01(a) of the Indenture on a permitted redemption date of the Bond or paying the Bond at maturity.

In connection with any such proposed prepayment, if the Bond is not credit enhanced by a Credit Facility, the Borrower shall deposit funds with the Trustee by 12:00 p.m. New York City time on the date of prepayment at a prepayment price equal to the principal balance of the Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Note, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of the Bond and payment of all amounts due hereunder. The Borrower shall deliver such

certifications and shall satisfy such conditions as set forth in Section 4.01(a) of the Indenture with respect to the optional redemption of the Bond.

**Section 5.03. Mandatory Prepayment of Note.** The Borrower shall prepay the Note at the direction of the Bondholder Representative, in whole or in part, at a prepayment price equal to the principal balance of the Note to be prepaid, plus accrued interest plus any other amounts payable under the Note or this Loan Agreement, for the purpose of redeeming the Bond as provided in Sections 4.01(b) through 4.01(h) of the Indenture, upon the occurrence of any event or condition described below:

(a) in whole or in part, if the Project shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Deed of Trust following such event of damage or destruction; or

(b) in whole or in part, if title to, or the use of, all or a material portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority and the proceeds of any condemnation award with respect to the Project are not applied to the restoration of the Project but are applied to and result in a prepayment of the Note under the conditions described in the Deed of Trust; or

(c) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Project are not applied to restoration of the Project in accordance with the provisions of the Deed of Trust;

(d) in whole, on the date 15 days prior to (or such other date consented to in writing by the Bondholder Representative) the date on which the Bond may become subject to mandatory redemption pursuant to Section 4.01(h) of the Indenture;

(e) upon an Determination of Taxability, in whole on any date specified in a Written Notice of the Borrower to the Issuer and the Trustee given at least 20 days prior to the proposed prepayment date, which date shall be no more than 90 days after the date of the Determination of Taxability; and

(f) as otherwise provided in the Note, the Construction Funding Agreement or the Deed of Trust.

Such prepayment shall be due and payable by no later than 12:00 p.m., Trustee local time, on the date fixed by the Trustee for redemption of the Bond pursuant to Section 4.01(c) or 4.01(h) of the Indenture, which date shall be communicated by the Trustee in writing to the Issuer, the Bondholder Representative, the Bondholder and the Borrower in accordance with the Indenture. To the extent that the Borrower or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Note, such amounts shall be applied to the prepayment of the Note and the corresponding redemption of the Bond.

**Section 5.04. Nature of the Borrower's Obligations.** The Borrower shall repay the Loan subject to and in accordance with the terms of the Note and the Construction Funding Agreement irrespective of any rights of set-off, recoupment or counterclaim the Borrower might

otherwise have against the Issuer or any other person, provided such payment does not constitute a waiver of such claims. The Borrower will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the construction or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Loan or the Project; (iii) any event constituting force majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vi) any failure of the Issuer or the Borrower to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Note other than the Issuer's failure to issue the Bond; it being the intention of the parties that, as long as the Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrower to repay the Loan and provide such moneys shall continue in all events. This Section 5.04 shall not be construed to release the Borrower from any of its obligations hereunder, or, except as provided in this Section 5.04, to prevent or restrict the Borrower from asserting any rights which it may have against the Issuer under the Note or the Deed of Trust or under any provision of law or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Issuer, the Bondholder Representative, the Servicer or the Trustee or taking any other action to protect or secure its rights.

Notwithstanding the foregoing but subject to the provisions of the Construction Funding Agreement and Section 5.06 below, neither the Borrower nor any partner, member, officer, director, manager, shareholder agent or employee of the Borrower nor their partners, members, managers, officers, directors, or shareholders agents or employees of the Borrower, shall be personally liable for the amounts owing under the Note or the Deed of Trust; and the remedies in the event of a default under the Loan shall be limited to those remedies set forth in Section 7.02 hereof and the commencement of foreclosure under the Deed of Trust and the exercise of the power of sale or other rights granted thereunder.

#### **Section 5.05. Security for the Bond.**

(a) As security for the Bond, the Issuer has pledged and assigned the Trust Estate to the Trustee under and pursuant to the Indenture. The Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Note, which shall be delivered to the Trustee. The Borrower hereby acknowledges and consents to such assignment to the Trustee.

(b) With respect to the Reserved Rights, subject to the limitations set forth in this Section, the Issuer may:

(i) *Tax Covenants.* Seek specific performance of, and enforce, the tax covenants of the Indenture, the Regulatory Agreement, the Tax Certificate and this Loan Agreement, injunctive relief against acts which may be in violation of any of the tax covenants, and enforce the Borrower's obligation to pay amounts for credit to the Rebate Fund;

(ii) *Regulatory Agreement.* Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Issuer may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues, (as defined in Section 5.05(e) below) if any, of the Borrower, unless Bondholder Representative otherwise specifically consents in writing to the use of other funds; and

(iii) *Reserved Rights.* Take whatever action at law or in equity which appears necessary or desirable to enforce the other Reserved Rights, provided, however, that the Issuer or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrower, unless Bondholder Representative otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

(c) In no event shall the Issuer:

(i) prosecute its action to a lien on the Project; or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Loan or of causing the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by the Trustee, the Bondholder Representative or the Servicer of any of their rights under the Loan Documents upon the occurrence of an event of default by the Borrower under the Bond Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan or the Bond.

(d) The Issuer shall provide written notice to the Bondholder Representative, the Trustee and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Bond Documents.

(e) As used in this Section, the term “Excess Revenues” means the Net Cash Flow of the Borrower. For purposes of this Section, the term “Net Cash Flow” means cash available for distribution to the respective shareholders, members or partners (as the case may be) of the Borrower for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise) including indebtedness payable to any shareholder, member, or partner, or their affiliates,



of the Borrower, the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Loan or the Bond, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures and including, without limitation, all asset management and other fees payable to the Borrower's limited partners and their affiliates pursuant to the Borrower's organization documents), and the setting aside of all reserves for taxes (including, without limitation, Taxes and Other charges), insurance, water and sewer charges or other similar impositions and other utility payments related to the Project, capital expenditures, repairs and replacements and other operational costs related to the Project and all other amounts (including reserves) which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

**Section 5.06. Exceptions to Non-Recourse Liability.** Notwithstanding Section 5.04 or any other provision of this Agreement, the Issuer (and the Trustee, as assignee of the Issuer) shall have the right to recover from the Borrower and any general partner of the Borrower, the following:

(a) any loss, damage or cost (including but not limited to attorneys' fees) resulting from fraud or intentional misrepresentation by the Borrower, the Borrower's agents (any such action resulting in such loss, damage or cost taken on behalf of the Borrower) or employees in connection with obtaining the Loan evidenced by this Agreement, the Note, or in complying with any of Borrower's obligations under the Bond Documents;

(b) insurance proceeds, condemnation awards, security deposits from tenants received by or on behalf of the Borrower in its capacity as the owner of the Project and not applied in accordance with the provisions of the Deed of Trust and the Construction Funding Agreement;

(c) all rents not applied, first, to the payment of the reasonable operating expenses as such operating expenses become due and payable, and then, to the payment of principal and interest then due and payable under this Loan Agreement, the Note and any other sums due under the Deed of Trust and all other Bond Documents (including but not limited to deposits or reserves payable under any Bond Documents);

(d) all rents and profits, and security deposits received by the Borrower after an event of default or Default under this Loan Agreement or the Construction Funding Agreement;

(e) any loss, damage or cost (including but not limited to reasonable attorneys' fees) resulting from the commission of intentional material waste by the Borrower not due to the Project's failure to generate sufficient net cash flow; provided however, for purposes of this Section 5.06(f) only, it shall not be waste if the Borrower does not repair or restore the Project following any damage, destruction, or partial condemnation notwithstanding the availability of insurance or condemnation proceeds;

(f) any loss, damage or cost (including but not limited to attorneys' fees) resulting from the presence or release of any "Hazardous Materials" (as defined in Section 2.03) on, in or under the Project; and

(g) all sums owing by the Borrower under all indemnities contained in this Loan Agreement.

The exceptions to non-recourse liability contained in this Section 5.06 shall not limit any rights of the Issuer (or the Trustee, as assignee of the Issuer) to, upon the occurrence and continuance of a Loan Agreement Default:

(i) name the Borrower as a party defendant in any action, proceeding or arbitration, subject to the limitations of this Section 5.06 as to personal liability; or

(ii) assert any unpaid amounts on the Loan as a defense or offset to or against any claim or cause of action made or alleged against the Issuer or Trustee by the Borrower or any of authorized signatories, or any guarantor or indemnitor with respect to the Loan; or

(iii) exercise self-help remedies such as set-off or non-judicial foreclosure against, or sale of, any real or personal property collateral security; or

(iv) enforce the Borrower's obligations to complete construction of the Project as required by this Loan Agreement, including obligations to repay any sums advanced by the Issuer or Trustee for such purpose.

The limitation of liability set forth in this Section 5.06 will be deemed void and have no force or effect with respect to the Borrower if the Borrower attempts to materially delay without good cause any foreclosure of the Deed of Trust or any other collateral security for the Loan, or if the Borrower claims that this Loan Agreement, the Construction Funding Agreement or any of the other instruments or documents executed in connection with the Loan are invalid or unenforceable to any extent that would preclude foreclosure.

No provision of this Section 5.06 shall (i) affect any guaranty or similar agreement executed in connection with the debt evidenced by the Note or this Loan Agreement, (ii) release or reduce the debt evidenced by the Note or this Agreement, (iii) impair the right of the Bondholder Representative or the Trustee to enforce any provisions of the Deed of Trust or any other collateral security for the repayment of the Loan, (iv) impair the lien of the Deed of Trust or any other collateral security for the repayment of the Loan, or (v) except as expressly provided in this Loan Agreement, impair the right of the Bondholder Representative or the Trustee to enforce the provisions of any Loan Document. Nothing herein shall directly or indirectly limit the right of the Bondholder Representative or Trustee to collect or recover any collateral from the Borrower (subject to the limitations on liability set forth in the last paragraph of this Section 5.06, below). Furthermore, subject to the limitations on liability set forth in the last paragraph of this Section 5.06, below, nothing in any other provision of the Note, this Loan Agreement or the other Bond Documents shall be deemed to limit the rights of the Issuer, the Trustee or the Bondholder Representative to enforce collection from Borrower (or any other

person liable therefor) of all reasonable attorneys' fees, costs, expenses, indemnity liabilities and other amounts payable by the Borrower apart from principal or interest owing under the Note.

Nothing in this Section 5.06 shall be interpreted to subordinate any obligation or liability of the Borrower to the Issuer, the Trustee or the Bondholder Representative to any operating expenses.

Notwithstanding anything herein to the contrary, none of the constituent members, partners, managers, shareholder, directors (direct or indirect), agents or employees of Borrower have any personal liability regarding the Note or the Deed of Trust or for any of the Borrower's or any guarantor's obligations herein.

**Section 5.07. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds.** The Issuer and the Borrower acknowledge as follows: (a) calculation of all interest payments shall be made by the Trustee; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Bondholder Representative in accordance with the Deed of Trust; and (c) deposits with respect to any replacement reserve funds required by the Bondholder Representative shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Bondholder Representative, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund, such deficiency shall be due and payable hereunder within seven Business Days following written notice to the Borrower.

**Section 5.08. [Reserved].**

**Section 5.09. Grant of Security Interest; Application of Funds.** To the extent not inconsistent with the Deed of Trust, to the extent assignable, and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Bond Documents, the Borrower hereby pledges and assigns to the Trustee, as assignee of the Issuer, and grants to the Trustee a security interest in, all the Borrower's right, title and interest in and to all Rents and all payments to or moneys held in the funds and accounts created and held by the Trustee or the Servicer for the Project. The Borrower also grants to the Trustee a continuing security interest in, and agrees to hold for the benefit of the Trustee, all Rents in its possession prior to the payment of Rents or any portion thereof to the Trustee or the Servicer (but only to the extent that the Borrower is expressly required to pay such Rents to the Trustee or the Servicer pursuant to the terms hereof). Except for the Subordinate Lien Documents, the Borrower shall not, without obtaining the prior Written Consent of the Bondholder Representative, further pledge, assign or grant any security interest in the Rents, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming the Trustee as the secured party, to be filed with respect thereto, and except for Permitted Encumbrances. This Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of a Loan Agreement Default hereunder, the Trustee and the Servicer shall apply or cause to be applied any sums held by the Trustee and the Servicer with respect to the Project in accordance with the Servicing Agreement.

## ARTICLE VI

### FURTHER AGREEMENTS

**Section 6.01. Existence.** The Borrower shall (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its respective existence and its material rights, and franchises, (b) continue to engage in the business presently conducted by it, (c) obtain and maintain all material Licenses applicable to it, and (d) qualify to do business in the State and remain in good standing under the laws of the state of its organization.

**Section 6.02. Taxes and Other Charges.** The Borrower shall pay all Taxes and Other Charges prior to delinquency, except to the extent the Borrower obtains a valid extension for the payment thereof and except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Deed of Trust. The foregoing right to contest Taxes and Other Charges shall expressly apply to Borrower's right to contest Environmental Liens (and Borrower is hereby granted the right to contest the same, provided that any such lien is bonded over to the satisfaction of Bondholder Representative)

The Borrower covenants to pay all taxes and other charges of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder, under the Note or in any way arising due to the transactions contemplated hereby (including taxes and other charges assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes and other taxes based upon the capital and/or income of the Trustee or the Issuer and taxes based upon or measured by the net income of the Trustee or the Issuer; provided, however, that the Borrower shall have the right to protest any such taxes or other charges and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or other charges levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or other charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

**Section 6.03. Repairs; Maintenance and Compliance; Physical Condition.** The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear and casualty and condemnation excepted) as set forth in the Deed of Trust and, following the completion of the Project, shall not remove, demolish or materially alter the Improvements or equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business and except for alterations the aggregate cost of which do not exceed \$1,000,000), except as provided in the Deed of Trust.

**Section 6.04. Litigation.** The Borrower shall give prompt Written Notice to the Issuer, the Servicer, the Trustee and the Bondholder Representative of any litigation, governmental proceedings or claims or investigations regarding an alleged or actual violation of a Legal Requirement served upon the Borrower or, to the Borrower's knowledge, overtly threatened

against the Borrower in writing that might materially and adversely affect the Borrower's condition (financial or otherwise) or business or its interests in the Project.

**Section 6.05. Performance of Other Agreements.** The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any material agreement or instrument affecting or pertaining to the Project.

**Section 6.06. Notices.** The Borrower shall promptly provide written notice to the Issuer, the Servicer, the Bondholder Representative and the Trustee of (a) any known material and adverse change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (b) any known fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Bond Document to which it is a party in a timely manner, (c) the occurrence of any Default or Loan Agreement Default of which the Borrower has actual knowledge, (d) the occurrence of any situation, event, or condition actually known to it which would adversely affect the exclusion of interest on the Bond from the gross income of the owner of the Bond. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Issuer, the Servicer, the Trustee and the Bondholder Representative any Securities and Exchange Commission or other public filings, if any, of the Borrower within five Business Days of such filing.

**Section 6.07. Cooperate in Legal Proceedings.** The Borrower shall cooperate fully with the Servicer, the Trustee and the Bondholder Representative with respect to, and permit the Servicer, the Trustee and the Bondholder Representative, at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Bondholder under any Bond Document.

**Section 6.08. Further Assurances.** The Borrower shall, at its sole cost and expense (except as provided in Article IX), (a) furnish to the Servicer and the Bondholder Representative all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Servicer or the Bondholder Representative in writing for the better and more efficient carrying out of the intents and purposes of the Bond Documents; (b) execute and deliver to the Servicer and the Bondholder Representative such reasonable documents, instruments, certificates, assignments and other writings, and do such other acts reasonably necessary to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bond, as the Servicer and the Bondholder Representative may reasonably require from time to time; (c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents, as the Servicer or the Bondholder Representative shall reasonably require from time to time; provided, however, with respect to clauses (a)-(c) above, the Borrower shall not be required to do anything that has the effect of (i) changing the economic terms of the Loan, (ii) imposing upon the Borrower greater personal liability under the Loan Documents, or (iii) imposing any additional obligations upon the Borrower; and (d) upon the Servicer's or the Bondholder Representative's written request therefor given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or

Loan Agreement Default, as applicable, is continuing pay for (i) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower, and (ii) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer or the Bondholder Representative in each of the locations reasonably designated by the Servicer or the Bondholder Representative. The Borrower shall obtain any approvals required under the Ground Lease, the Subordinate Debt Documents and the [Mixed-Use Project Loan Documents] in connection with any of the foregoing.

**Section 6.09. Delivery of Financial Information.** After written notice to the Borrower of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Servicer, deliver copies of all financial information required under Article IX.

**Section 6.10. Title to the Project.** The Borrower will warrant and defend its leasehold title to the Project, and the validity and priority of the Lien of the Deed of Trust, subject only to Permitted Encumbrances, against the claims of all Persons.

**Section 6.11. Issuer's Fees.** The Borrower covenants to pay the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement and the other Bond Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bond.

**Section 6.12. Estoppel Statement.** The Borrower shall furnish to the Servicer or the Bondholder Representative for the benefit of the Issuer, the Trustee, the Bondholder Representative and the Servicer within 10 Business Days after written request by the Servicer, with a statement, setting forth (a) the date installments of interest and/or principal were last paid, (b) any offsets or defenses (to the Borrower's knowledge) to the payment of the Borrower Payment Obligations, and (c) that the Bond Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and (d) that, to the Borrower's knowledge, no Default exists thereunder or specify any Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Servicer or the Bondholder Representative, within 30 days of a written request by the Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Servicer and the Bondholder Representative; provided that the Servicer and the Bondholder Representative shall not make requests for the estoppel certificates required under this Section 6.12 more frequently than twice in any year.

**Section 6.13. Defense of Actions.** The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Loan Agreement hereunder or under the Bond Documents, and shall pay, upon written demand of the Bondholder Representative, all costs and expenses, including the cost of evidence of leasehold title and attorneys' fees, in any such action or proceeding in which a Bondholder or the Bondholder Representative may appear. If any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Bondholder's or the Bondholder Representative's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the

Bondholder or the Bondholder Representative may make, upon five Business Days' of prior written notice to the Borrower, such appearances, disburse such sums and take such action as the Bondholder or the Bondholder Representative deems necessary to protect their interests. Such actions include disbursement of attorneys' fees. Neither a Bondholder or the Bondholder Representative shall have any obligation to do any of the above. No such action shall release the Borrower from any obligation under this Loan Agreement or any of the other Bond Documents. In the event (a) that the Deed of Trust is foreclosed in whole or in part or that any Bond Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (b) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Deed of Trust or any Bond Document in which proceeding the Bondholder or the Bondholder Representative is made a party or (c) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the applicable Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

**Section 6.14. Expenses.** The Borrower shall pay all reasonable expenses incurred by the Issuer, the Trustee, the Bond Purchaser, the Servicer, the Placement Agent and the Bondholder Representative (except as provided in Article IX) in connection with the Bond, including reasonable fees and expenses of the Issuer's, the Trustee's, the Servicer's, the Bond Purchaser's, the Placement Agent's and the Bondholder Representative's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of Bond Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Issuer, the Trustee, the Rebate Analyst, the Servicer, the Placement Agent and the Bondholder Representative (except as provided in Article IX) in connection with the issuance or administration of the Bond, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, within 15 Business Days following written request therefor, reimburse the Issuer, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative for all reasonable amounts expended, advanced or incurred by the Issuer, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative to collect the Note, or to enforce the rights of the Issuer, the Bond Purchaser, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the Issuer, the Bond Purchaser, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Issuer, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to the Issuer, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative, all of which shall constitute part of the Loan and shall be secured by the Bond Documents. The obligations and liabilities of the Borrower under this Section 6.14 shall survive the Term of this Loan Agreement and the exercise by the Issuer, the Servicer, the Bondholder Representative, the Placement Agent or the Trustee, as the case may be, of any of its rights or remedies under the Bond Documents, including the acquisition of the Project by

foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the negligence or willful misconduct of the Trustee, the negligence or willful misconduct of any party other than the Issuer, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by Section 2.03 hereof or the Deed of Trust and the [Environmental Compliance and Indemnity Agreement, of even date herewith], by the Borrower and the Guarantor in favor of the Issuer and the Trustee.

The Borrower shall not be responsible for any costs associated with any securitization of the Bond.

**Section 6.15. Indemnity.** To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Bondholder Representative (in such capacity), the Servicer and the Trustee and each of their respective past, present and future officers, governing members, directors, officials, employees, counsel, attorneys and agents (and as to the Issuer, members of its governing body) (each an “Indemnified Party”), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the “Liabilities”) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Bond Documents, the Subordinate Debt Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, remarketing, transfer or resale of the Bond;

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction, equipping, or installation of, the Project or any part thereof;

(c) Any lien (other than a permitted encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(e) The enforcement of, or any action taken by the Issuer, the Trustee or the Bondholder Representative related to remedies under, this Loan Agreement, the Indenture and the other Bond Documents;

(f) The defeasance and/or redemption, in whole or in part, of the Bond;



(g) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or disclosure or continuing disclosure document for the Bond or any of the Bond Documents to which the Borrower is a party, or any omission or alleged omission by the Borrower from any offering statement or disclosure or continuing disclosure document for the Bond of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(h) Any Determination of Taxability or allegations (or regulatory inquiry) that interest on the Bond is taxable for federal tax purposes; and

(i) The Trustee's acceptance or administration of the trust of the Indenture, or the Trustee's exercise or performance of or failure to exercise or perform any of its powers or duties thereunder or under any of the Bond Documents to which it is a party;

Except (i) in the case of the foregoing indemnification of (A) the Bondholder Representative or the Servicer or any related Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, or (B) in the case of the Trustee or any related Indemnified Party, including its respective officers, members, directors, officials, employees, attorneys and agents, the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bond or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (ii) in the case of the foregoing indemnification of the Issuer or any related Indemnified Party, including any of its officers, members, directors, officials, employees, attorneys and agents, they shall not be indemnified by the Borrower with respect to liabilities arising from their own active negligence or willful misconduct. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.01(e) with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.01(e) hereof (provided that the Issuer and the Indemnified Parties related to the Issuer shall be entitled to assert their rights under either this Section 6.15 or Section 9.01(e), or both, without limitation). In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in their discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld, conditioned or delayed. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof; provided, however, the Issuer has the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel;

provided, however, that such Indemnified Party, other than the Issuer, may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the written advice of counsel) a non-waivable conflict of interest exists or could arise by reason of common representation except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's counsel.

In addition thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof, as more fully set forth in this Agreement.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Issuer, the Trustee and the Bondholder Representative have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder, or the Issuer, Trustee and Bondholder Representative, in such case, shall have executed a full and unconditional release of Borrower.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Bond and in the case of the Trustee, Servicer or Bondholder Representative, as applicable, any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement, payment of the Bond and discharge of the Indenture.

Nothing set forth in this Section 6.15 shall be deemed to limit, negate, modify, nullify, or change any non-recourse provisions of this Agreement, the Note, or any other agreement, document, instrument, certificate or covenant executed by the Borrower.

**Section 6.16. Notices of Certain Events.** The Borrower hereby covenants to advise the Bondholder Representative promptly in writing of the occurrence of any Default hereunder or any notice received by the Borrower of any violation of the terms and conditions of the Ground Lease. In addition, the Borrower hereby covenants to advise the Issuer and the Bondholder Representative promptly in writing of the occurrence of any Act of Bankruptcy with respect to either of them.

#### **Section 6.17. Tax Exempt Status of the Bond.**

(a) It is the intention of the Issuer and the Borrower that interest on the Bond shall be and remain excludable from gross income of the owners thereof for federal income taxation purposes (other than with respect to a Bondowner which is a Substantial User of the Project or a Related Person), and to that end the covenants and agreements of the Borrower in this Section 6.17 are for the benefit of the Bondowners and the Issuer.

(b) The Borrower covenants and agrees that it will not (i) use or permit the use of any of the funds provided by the Issuer hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or (ii) take or omit to take any other action that would, in each case cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 6.17 it is necessary to restrict or to limit the yield on the investment of any moneys held under the Indenture or under the Construction Funding Agreement, or otherwise by the Bondholder Representative, the Borrower shall determine the limitations and so instruct the Trustee or Bondholder Representative, as applicable, in writing and cause the Trustee or the Bondholder Representative, as applicable, to comply with those limitations under the Indenture or the Construction Funding Agreement, respectively.

(d) The Borrower will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel, or of which the Borrower otherwise becomes aware, to fully comply with Section 148 of the Code as applicable to the Bond.

(e) The Borrower agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, gender identity/expression, transgender status, disability (except to give priority to persons with disabilities for the occupancy of "Accessible Housing Units" as defined in the Regulatory Agreement), 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.

(f) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of this Loan Agreement and of the Regulatory Agreement, and that in any event, the requirements of this Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(g) The Borrower will use due diligence to complete the construction of all of the units comprising the Project and reasonably expects to fully expend the entire [\$ \_\_\_\_\_] authorized principal amount of the Loan by [\_\_\_\_\_, 2021].

(h) The Borrower will take such action or actions as necessary to ensure compliance with Sections 2.02(a)(viii) and (a)(ix), and Sections 2.02(b)(v) and (b)(viii) hereof.

(i) The Borrower will make timely payment to the Trustee of any rebate amount due to the federal government by reason of Section 148(f) of the Code, as applicable to the Bond and as may be increased by Section 6.07 of the Indenture, to be disposed of as provided in Section 5.06 of the Indenture.

(j) The Borrower shall assure that the proceeds of the Bond is used in a manner such that the Bond will satisfy the requirements of Section 142(d) of the Code relating to qualified residential rental projects.

(k) The Borrower shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(l) The Borrower shall take all actions necessary to assure the exclusion of interest on the Bond from the gross income of the owner of the Bond to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bond.

(m) The Bond upon issuance and delivery shall be considered a “private activity bond” within the meaning of the Code with respect to which the California Debt Limit Allocation Committee has transferred a portion of the State’s private activity bond allocation (within the meaning of Section 146 of the Code) equal to the principal amount of the Bond.

(n) The Borrower covenants that, from the proceeds of the Bond and investment earnings thereon, an amount not in excess of exceed 2% of the proceeds of the Bond, will be used for costs of issuance of the Bond, all within the meaning of Section 147(g)(1) of the Code. For this purpose, if the fees of the placement agent or underwriter are retained as a discount on the purchase of the Bond, such retention shall be deemed to be an expenditure of proceeds of the Bond for said fees.

(o) The Borrower covenants that not less than 95% of the net proceeds of the Bond (within the meaning of Section 150(a)(3) of the Code) are paid for Qualified Project Costs. In furtherance of the foregoing sentence, the preceding paragraph (n) and the following paragraph (p) of this Section, the Borrower agrees, within 30 days after the Project is placed in service, to prepare a proposed written reallocation of the proceeds of the Bond to actual, as-built costs of the Project and submit it to the Bondholder Representative, the Issuer and Bond Counsel. The Borrower agrees to cooperate with Bondholder Representative, its counsel, the Issuer and Bond Counsel with respect to modifications to such proposed reallocation in order to ensure compliance with the provisions of the Code with respect to the Bond.

(p) The Borrower covenants that less than 25% of the proceeds of the Bond shall be used, directly or indirectly, for the acquisition of land.

(q) The Borrower covenants that no proceeds of the Bond shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 145(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with Proceeds; and provided, further,

that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Bond.

(r) The Borrower covenants that no proceeds of the Bond shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Bond shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(s) The Issuer hereby elects to have the Project meet the requirements of Section 142(d)(1)(A) of the Code (in that 20% or more) of the residential units in the Project shall be occupied by persons or families whose income is 50% or less of area median gross income).

(t) The Issuer hereby elects to have Section 142(d)(4)(B) (deep rent skewing) of the Code apply to the Project, as provided in the Regulatory Agreement.

(u) The Borrower agrees to comply with the Regulatory Agreement and that the Project will be operated in accordance with the provisions of the Regulatory Agreement for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If in the future, there is a cessation of that operation during the term of the Regulatory Agreement, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code and the Regulatory Agreement.

The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Bond Documents to which it is a party for so long as may be required to maintain the tax exempt status of the interest on the Bond in accordance with applicable law or until the Borrower has transferred the Project to an unaffiliated entity with the prior written consent of the Issuer, which transferee assumes the obligations of the Borrower pursuant to this Section.

In the event of any conflict between the terms of this Agreement and the requirements of the Tax Certificate, the terms of the Tax Certificate shall control.

#### **Section 6.18. [Intentionally Omitted].**

**Section 6.19. Useful Life.** The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the average maturity of the Bond does not exceed 120% of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bond.

**Section 6.20. Federal Guarantee Prohibition.** The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

**Section 6.21. [Intentionally Omitted].**

**Section 6.22. Covenants Under Indenture.** The Borrower will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Indenture to perform. The foregoing will not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

**Section 6.23. [Intentionally omitted].**

**Section 6.24. Covenant With Bondholder.** The Issuer and the Borrower agree that this Loan Agreement is executed and delivered in part to induce the purchase by others of the Bond and, accordingly, all covenants and agreements of the Issuer and the Borrower contained in this Loan Agreement are hereby declared to be for the benefit of the Trustee, the Bondholder Representative and the Holder of the Bond from time to time. Notwithstanding the foregoing, the Bondholder’s rights to enforce this provision of this Loan Agreement are governed by the terms of the Indenture.

**Section 6.25. Continuing Disclosure Agreement.** To the extent applicable, the Borrower and the Dissemination Agent (as defined in the Continuing Disclosure Agreement) shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Bond, the Borrower and other matters as specifically provided for in such agreement. For the purposes of the Continuing Disclosure Agreement only, the Dissemination Agent shall act as the agent of the Borrower and not as the agent of the Issuer. The duties and obligations of the Dissemination Agent under the Continuing Disclosure Agreement shall be as set forth in the Continuing Disclosure Agreement, and the Dissemination Agent shall be responsible only for its express duties and obligations set forth in the Continuing Disclosure Agreement. A default under any Continuing Disclosure Agreement shall not be a default under the Indenture, this Loan Agreement or any of the other Bond Documents.

**Section 6.26. Management Agreement.** The Bondholder Representative expressly approves the Management Agreement. The Borrower shall not, without the Bondholder Representative’s prior Written Consent (which consent shall not be unreasonably withheld, conditioned, or delayed) and subject to the Regulatory Agreement: (a) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (b) reduce or consent to the reduction of the term of the Management Agreement; (c) increase or consent to the increase of the amount of any charges under the Management Agreement; (d) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of their rights and remedies under, the Management Agreement; or (e) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

**Section 6.27. Liens.** Without the Bondholder Representative's prior Written Consent, the Borrower shall not create, incur, assume, permit or suffer to exist any mechanic's, materialmen's or other Lien on any portion of the Project, except Permitted Encumbrances, unless such Lien is bonded around, insured over or discharged within 90 days after the Borrower first receive notice of such Lien or unless the Borrower is contesting such Lien in accordance with the Deed of Trust.

**Section 6.28. Dissolution.** The Borrower shall not dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

**Section 6.29. Change in Business or Operation of Property.** Other than as set forth in or in connection with the Construction Loan Agreement, the Borrower shall not enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with rehabilitation, casualty or condemnation of the Project).

**Section 6.30. Debt Cancellation.** Other than in connection with Bifurcation as set forth in the Construction Loan Agreement, the Borrower shall not cancel or otherwise forgive or release any claim or debt owed to it by a Person, except for adequate consideration or in the ordinary course of its business in its reasonable judgment.

**Section 6.31. Assets.** Other than as set forth in or in connection with the Construction Loan Agreement, the Borrower shall not purchase or own any real property or personal property incidental thereto other than its interests in the Project.

**Section 6.32. Transfers.** The Borrower shall not make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Deed of Trust and the Regulatory Agreement without the prior written consent of the Issuer, nor transfer any material License required for the operation of the Project.

**Section 6.33. Debt.** Other than as set forth in the Construction Loan Agreement, as expressly approved in writing by the Bondholder Representative, or accepted on the Closing Date, the Borrower shall not create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or their respective interests therein or in the Borrower or any partner thereof (including subordinate debt) other than (a) the Borrower Payment Obligations, (b) secured indebtedness incurred pursuant to or permitted by the Bond Documents, (c) obligations secured by the Subordinate Lien Documents, (d) trade payables incurred in the ordinary course of business (expressly including the operating and equipment leases entered into in the ordinary course of Borrower's business; tenant security deposits; non-delinquent, accrued but unpaid real estate taxes and insurance premiums; other trade payables in respect of operating expenses which, for clarity, shall specifically include trade payables related to capital expenditures, tenant improvement costs and leasing commissions; (e) and obligations of less than \$2,000,000 in connection with posting

of a bond required by a governmental authority in connection with the operation of the Project, and (f) partner loans to the Borrower, to the extent permitted under the Loan Documents.

**Section 6.34. Assignment of Rights.** Without the Bondholder Representative's prior Written Consent, the Borrower shall not attempt to (a) assign the Borrower's rights or interest under any Bond Document in contravention of any Bond Document or (b) surrender the Borrower's interests in the Project.

**Section 6.35. Principal Place of Business.** The Borrower shall not change its principal place of business without providing 30 days' prior Written Notice of the change to the Trustee, the Servicer and the Bondholder Representative.

**Section 6.36. Organizational Documents.** Except as otherwise permitted in the Loan Documents, or without the Bondholder Representative's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), the Borrower shall not surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under its organizational documents.

**Section 6.37. ERISA.** The Borrower shall not maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of it to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of it to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

**Section 6.38. [Reserved].**

**Section 6.39. Insurance.** The Borrower, at its sole cost, for the mutual benefit of the Borrower and the Trustee, as representative of the Bondholder, shall obtain and maintain during the Term the policies of insurance required by the Deed of Trust. All policies of insurance required pursuant to this Section shall conform to the requirements set forth in the Deed of Trust. The Borrower shall deliver to the Servicer a certified copy of each policy within 30 days after its effective date.

**Section 6.40. Casualty.** If the Project is damaged or destroyed, in whole or in any material respect, by fire or other casualty (a "Casualty"), the Borrower shall give prompt written notice thereof to the Servicer, the Bondholder Representative and the Trustee.

**Section 6.41. Condemnation.** The Borrower shall promptly give the Servicer, the Issuer, the Bondholder Representative and the Trustee written notice of Borrower's receipt of written notice of the actual or threatened commencement of any Condemnation proceeding affecting the Project and shall deliver to the Servicer, the Issuer, the Bondholder Representative and the Trustee copies of any and all papers served in connection with such Condemnation.

**Section 6.42. No Warranty of Condition or Suitability by the Issuer.** The Issuer makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.



**Section 6.43. Right of Access to the Project.** The Borrower agrees that the Issuer, the Trustee, the Servicer and the Bondholder Representative, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during business hours and upon reasonable notice, to enter onto the Project (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations, and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Loan Agreement. The Issuer, the Trustee, the Servicer, the Bondholder Representative, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during business hours, to examine the books and records of the Borrower with respect to the Project. Such entry, inspection, and testing shall be conducted in a manner which does not interfere with any tenant's right of occupancy or disturb any tenant's right of peaceable and quiet enjoyment. The Servicer, the Bondholder Representative and the Trustee shall defend, indemnify and hold harmless the Borrower from any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to the entry, inspection, and testing conducted pursuant to this Section 6.43.

**Section 6.44. Election of Applicable Income Limit.** The Issuer's election with respect to Section 142(d)(1) of the Code and Section 142(d)(4)(B) (deep rent skewing) of the Code shall be as provided in the Regulatory Agreement.

**Section 6.45. Reliance.** It is expressly understood and agreed by the parties to this Agreement that: (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to it by the Trustee, any Holder or the Borrower as to the existence of a fact or state of affairs required under this Agreement to be noticed by the Issuer; (b) the Issuer shall not be under any obligation to perform any recordkeeping or to provide any legal service, it being understood that such services shall be performed by the Trustee or the Borrower (solely to the extent of the record keeping required to be performed by it under the Financing Documents); and (c) none of the provisions of this Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of the Bond issued under the Indenture) or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights under this Agreement unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking such action.

## **ARTICLE VII**

### **EVENTS OF DEFAULT AND REMEDIES**

**Section 7.01. Events of Default.** The occurrence of any one or more of the following events or conditions shall constitute a "Loan Agreement Default":

- (a) failure by the Borrower to pay any Loan Payment on the date such payment is due;

(b) failure by the Borrower to prepay the Note on the date such payment is due as required by Section 5.03;

(c) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsections (a) or (b) above) required to be paid by the Borrower under this Loan Agreement, the Note, the Deed of Trust or any of the other Bond Documents, including a failure to pay any Additional Payment, and including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five Business Days after Written Notice thereof shall have been given to the Borrower;

(d) a Transfer other than a transfer permitted under the Deed of Trust and the Regulatory Agreement occurs, following 20 days' written notice from the Issuer, the Trustee, the Bondholder Representative or the Servicer (provided that the foregoing 20 days' notice and cure right shall not apply to the Borrower's transfer of the Project to a third party with the Issuer's, the Trustee's or the Servicer's prior written consent;

(e) any representation or warranty made by the Borrower in any Bond Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower in connection with any Bond Document, shall be false or misleading in any material respect as of the Closing Date, and shall not be cured within 30 days' written notice from the Issuer, the Trustee, the Bondholder Representative or the Servicer (as the case may be), to the extent such breach is susceptible of cure within such 30-day period, and provided that there is no material impairment of the collateral for the Loan or the Borrower's ability to repay and that the Borrower diligently and expeditiously proceeds to cure such breach for an additional 180 days or such longer period as may be reasonably determined by the Bondholder Representative;

(f) the Borrower shall make a general assignment for the benefit of creditors;

(g) an event of default of the Borrower as defined or provided for in any other Bond Document to which the Borrower is a party occurs and any applicable notice and or cure period has expired; provided, however, that if no expressly stated grace or notice and cure period is provided under the applicable Bond Document (other than payment defaults under Section 7.01(a) for which there is no cure period), then Borrower shall have 30 days after receipt of written notice from the applicable and appropriate party under such Bond Document to cure such event of default; and further provided that if cure cannot be reasonably effected within such 30-day period and if there is no material impairment of the collateral for the Loan or the Borrower's ability to pay, Borrower shall have reasonably necessary additional time to cure such event of default as determined by the Bondholder Representative and such failure shall not be a "Loan Agreement Default" so long as Borrower promptly commences the cure and thereafter diligently and expeditiously prosecutes such cure to completion;

(h) the Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Loan Agreement (other than paragraphs (a)-(g) above) for 30 days after notice from the Trustee, the Bondholder Representative or the Servicer in the case of such other Default; provided, however, that if such other Default under this paragraph (h) is susceptible of cure but cannot reasonably be cured within such 30-day period, and the Borrower shall have commenced to cure such Default within such 30-day period and thereafter diligently and expeditiously proceeds to cure the same, such 30-day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed 90 days; or

(i) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of [Section 21(c) of the Deed of Trust;] which, in the case of a non-profit Borrower Controlling Entity, may be replaced within 90 days of such event with another non-profit Borrower Controlling Entity acceptable to the Bondholder Representative in accordance with the Deed of Trust, in which case no Loan Agreement Default shall be deemed to have occurred; provided, however, that if any event described in this clause (i) was involuntary and not consented to by such Borrower Controlling Entity, then such occurrence shall not be a Loan Agreement Default unless the same is not discharged, stayed or dismissed within 90 days after the filing or commencement thereof.

#### **Section 7.02. Remedies on Default.**

(a) Upon the occurrence and during the continuance of an Loan Agreement Default (other than a Loan Agreement Default described in paragraphs (f) and (i) of Section 7.01), in addition to any other rights or remedies available to the Trustee pursuant to the Bond Documents or at law or in equity, the Trustee shall, at the Written Direction of the Bondholder Representative, take such action, without notice or demand, as the Bondholder Representative deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations to the redemption of the Bond pursuant to Section 4.01(d) of the Indenture; and upon the occurrence and during the continuance of any Loan Agreement Default described in paragraph (f) or (i) of Section 7.01, the Borrower Payment Obligations shall, except as provided to the contrary in Section 7.01(i), become immediately due and payable without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Bond Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Indenture shall be controlled by the Bondholder Representative.

(b) Any amounts collected pursuant to action taken under this Section 7.02 (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, the Bondholder Representative or the Bondowners and their respective counsel, be paid to the Trustee (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 its obligations pursuant to Section 6.17 hereof.

**Section 7.03. No Remedy Exclusive; Delay.** Upon the occurrence and during the continuance of a Loan Agreement Default, all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrower under the Bond Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder Representative, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Trustee or the Bondholder Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Bond Documents. Any such actions taken by the Trustee or the Bondholder Representative shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Bondholder Representative may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or the Bondholder Representative permitted by law, equity or contract or as set forth in the Bond Documents. Without limiting the generality of the foregoing, the Borrower agrees that if a Loan Agreement Default has occurred and is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder Representative shall remain in full force and effect until they have exhausted all of its remedies, the Deed of Trust has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Bond Document shall be construed as requiring the Trustee or Bondholder Representative to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Trustee or Bondholder Representative may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Issuer, the Trustee and the Bondholder Representative agree that any cure of any default made or tendered by an investor limited partner or non-managing member of the Borrower 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;

No delay or omission to exercise any remedy, right, power accruing upon a Loan Agreement Default, or the granting of any indulgence or compromise by the Trustee or the Bondholder Representative shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Loan Agreement Default shall not be construed to be a waiver of any subsequent Default or Loan Agreement

Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Loan Agreement, the Trustee and the Bondholder Representative reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Deed of Trust to the extent necessary to foreclose on other part of the Project, the Rents, the funds or any other collateral.

**Section 7.04. Attorneys' Fees and Expenses.** If an event of default or Default occurs and is continuing, and if the Issuer, the Trustee or the Bondholder Representative should employ attorneys or incur expenses for the enforcement of the Regulatory Agreement, the Note, or any obligation or agreement of the Borrower contained herein, the Borrower on demand will pay to the Issuer, the Trustee and/or the Bondholder Representative the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

**Section 7.05. Bondholder Representative's Right To Perform the Obligations.** If any Loan Agreement Default has occurred and is continuing and such Loan Agreement Default arises out of Borrower's failure to make any payment or perform any act required by the Bond Documents, then without notice to or demand upon the Borrower and without waiving or releasing any other right, remedy or recourse the Trustee or the Bondholder Representative may have because of such Loan Agreement Default, the Bondholder Representative may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If the Bondholder Representative shall elect to pay any sum due with reference to the Project, the Bondholder Representative may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Bond Documents, the Bondholder Representative shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Bondholder Representative pursuant to this Section 7.05, and all other sums expended by the Bondholder Representative to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bond, shall be secured by the Bond Documents and shall be paid by the Borrower to the Bondholder Representative upon written demand.

**Section 7.06. Trustee's Exercise of the Issuer's Remedies.** Whenever any Loan Agreement Default shall have occurred and be continuing, the Trustee may at the Written Direction of the Bondholder Representative, but shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required of the Issuer unless the Issuer has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. Notwithstanding anything herein to the contrary, the Issuer may not exercise any remedies available to the Issuer against the Borrower under the Bond Documents or at law or in equity in order to enforce the Reserved Rights, other than as provided in Section 5.05(b).

**Section 7.07. Assumption of Obligations.** In the event that the Trustee, the Bondholder Representative or the Bondholder or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall have the right, to be exercised in its sole discretion, to succeed to the rights and the obligations of the Borrower under this Loan Agreement, the Note, the Regulatory Agreement, and any other Bond Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and during the continuance of a Loan Agreement Default, rights and remedies may be pursued pursuant to the terms of the Bond Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee, the Bondholder Representative or the Bondholder or their respective assignees or designees becomes the owner of the Project and exercises its right, in its sole discretion, to assume the obligations identified above, and the Note, the Bond and the other Bond Documents remain outstanding.

**Section 7.08. Right To Directly Enforce.** Notwithstanding any other provision hereof to the contrary, the Bondholder Representative shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Trustee, provided that only the Issuer may enforce the Reserved Rights subject to Section 7.06 and Section 5.05(b). In the event that any of the provisions set forth in this Section 7.08 are inconsistent with the covenants, terms and conditions of the Deed of Trust, the covenants, terms and conditions of the Deed of Trust shall prevail.

## **ARTICLE VIII**

### **MISCELLANEOUS**

**Section 8.01. Entire Agreement.** This Loan Agreement, the Construction Funding Agreement, the Note, the Regulatory Agreement, the Deed of Trust and the other Bond Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Issuer and the Borrower with respect to the subject matter hereof.

**Section 8.02. Notices.** All notices, consents, approvals and requests required or permitted hereunder or under any Bond Document shall be given in the manner and under the conditions set forth in Section 12.06 of the Indenture, addressed to the appropriate party at the address set forth in Section 12.06 of the Indenture.

**Section 8.03. Assignments.** To the extent allowable under the Indenture, the Bond, the Deed of Trust, the Bond Documents and all of the Bondholder Representative's rights, title, obligations and interests therein may be assigned by the Bondholder Representative at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, with prior written notice to the Issuer, the Trustee and the Borrower. Upon such assignment, all references to Bondholder Representative in this Loan Agreement and in any Bond Document shall be deemed to refer to such assignee or successor in interest and

such assignee or successor in interest shall thereafter stand in the place of the Bondholder Representative. The Borrower may not assign its rights, interests or obligations under this Loan Agreement or under any of the Bond Documents, except only as may be expressly permitted hereby and thereby.

**Section 8.04. Severability.** Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement. If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

**Section 8.05. Execution of 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.

**Section 8.06. Amendments, Changes and Modifications.** No modification, amendment, extension, discharge, termination or waiver of any provision of this Loan Agreement or of any other Bond Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on the Borrower shall entitle the Borrower to any other or future notice or demand in the same, similar or other circumstances.

**Section 8.07. Governing Law.** This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State applicable to contracts made and performed in the State. Any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of California, County of Los Angeles.

**Section 8.08. Term of Agreement.** This Loan Agreement shall be in full force and effect until no Bond is Outstanding under the Indenture and all Bond Obligations and other payment obligations of the Borrower hereunder have been paid in full or the payment thereof has been provided for; except that on and after payment in full of the Note, this Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 6.14, 6.15, 6.17, 8.12, 8.26 and Article IX hereof, and as may be expressly provided with respect to other provisions hereof, shall survive the termination of this Loan Agreement.

**Section 8.09. Survival of Agreement.** This Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Issuer of the Loan and the execution and delivery to the Trustee of the Note, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower's covenants and agreements in this Loan Agreement shall inure to the benefit of the respective legal representatives, successors and

assigns of the Issuer, the Servicer, the Bondholder Representative or the Trustee on behalf of the Bondholder.

**Section 8.10. Conflicts.** If any term or condition of this Loan Agreement conflicts with any term or condition of any other Loan Document, the term or condition which imposes any greater or stricter duties or obligations upon Borrower, or grants or affords Issuer, the Trustee, the Bondholder Representative or Bondowners any greater rights or remedies, shall prevail.

**Section 8.11. Binding Effect; Third Party Beneficiaries.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors and assigns. The Bondowners, the Bondholder Representative, the Servicer and the Trustee are intended third party beneficiaries of this Loan Agreement.

**Section 8.12. Brokers and Financial Advisors.** The Borrower hereby represents that it has not dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Loan, other than those disclosed to the Bondholder Representative and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Bondholder Representative shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 8.12 shall survive the expiration and termination of this Loan Agreement and the repayment of the Borrower Payment Obligations.

**Section 8.13. Delay Not a Waiver.** Neither any failure nor any delay on the part of the Issuer, the Servicer, the Trustee or the Bondholder Representative in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Bond Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Bond Document, the Issuer, the Trustee, the Servicer and the Bondholder Representative shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Bond Documents or to declare a Loan Agreement Default for failure to effect prompt payment of any such other amount.

**Section 8.14. Trial by Jury.** To the extent permitted by law, the Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Servicer, the Trustee or Bondholder Representative is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower.



**Section 8.15. Preferences.** The Trustee shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Servicer or the Trustee, or the Servicer or the Trustee receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Servicer or the Trustee.

**Section 8.16. Waiver of Notice.** The Borrower shall not be entitled to any notices of any nature whatsoever from the Issuer, the Servicer, the Bondholder Representative or the Trustee except with respect to matters for which this Loan Agreement or any other Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Servicer, the Bondholder Representative or the Trustee, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Issuer, the Servicer, the Bondholder Representative or the Trustee as the case may be with respect to any matter for which no Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Servicer, the Bondholder Representative or the Trustee to the Borrower.

**Section 8.17. Offsets, Counterclaims and Defenses.** The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Trustee, the Bondholder Representative or the Servicer with respect to a Loan Payment; provided, however, Borrower reserves the right to bring such claim in a separate action or proceeding. Any assignee of Bondholder's interests in and to the Bond Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Bond Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

**Section 8.18. Publicity.** The Servicer and the Bondholder Representative (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Servicer or Bondholder Representative's participation in the purchasing of the Bond or the Bond's inclusion in any Secondary Market Transaction effectuated by the Servicer or Bondholder Representative or one of its Affiliates; provided, however, that if any such press releases, advertisements and other promotional materials directly or indirectly refers to the Borrower or the Issuer, then such press releases, advertisements and other promotional materials shall be subject to the approval of the Borrower or the Issuer, as applicable, which approval shall not be unreasonably withheld.

**Section 8.19. No Usury.** The Borrower, the Issuer, the Trustee and the Servicer intend at all times to comply with applicable State law or applicable United States federal law (to the

extent that it permits a party to contract for, charge, take, reserve or receive a greater amount of interest than under State law) and that this Section 8.19 shall control every other agreement in the Bond Documents. If the applicable law (State or federal) is ever judicially interpreted so as to render usurious any amount called for under the Note or any other Bond Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of the Loan or any prepayment by the Borrower or any premium or Late Charge results in the Borrower having paid any interest in excess of that permitted by applicable law, then it is the parties' express intent that all excess amounts theretofore collected by the Servicer or the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or, if the Borrower Payment Obligations has been or would thereby be paid in full, refunded to the Borrower), and the provisions of the Bond Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Servicer or the Trustee for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding. Notwithstanding anything to the contrary contained in any Bond Document, it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

**Section 8.20. Construction of Documents.** The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Bond Documents and that the Bond Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

**Section 8.21. Consents.** Wherever in this Loan Agreement it is provided that the Issuer, the Servicer, the Bondholder Representative or the Trustee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the Issuer, the Servicer, the Bondholder Representative or the Trustee may not unreasonably or arbitrarily withhold, condition, delay or refuse such approvals or consents, unless otherwise provided herein or in any of the other Bond Documents.

**Section 8.22. Issuer, Trustee, Servicer, Bondholder Representative and Bond Purchaser Not in Control; No Partnership.** None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to, give the Issuer, the Trustee, the Servicer, the Bondholder Representative or the Bond Purchaser the right or power to exercise control over the affairs or management of the Borrower, the power of the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bond Purchaser being limited to the rights to exercise the remedies referred to in the Bond Documents. The relationship between the Borrower and the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholder is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Bond Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income

between the Borrower and the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or any Bondholder or to create an equity in the Project in the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or any Bondholder. None of the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Loan, except as expressly provided in the Bond Documents; and notwithstanding any other provision of the Bond Documents: (a) the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholder are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower, or its stockholders, members, or partners and the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholder do not intend to ever assume such status; (b) the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholder shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (c) the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholder shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or their respective stockholders, members, or partners. The Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholder and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholder and the Borrower or either of them, or to create an equity in the Project in the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or the Bondholder, or any sharing of liabilities, losses, costs or expenses.

**Section 8.23. [Intentionally Omitted].**

**Section 8.24. References to Bondholder Representative.** The provisions of Section 12.16 of the Indenture pertaining to the Bondholder Representative are incorporated by reference herein.

**Section 8.25. Release.** The Borrower hereby acknowledges that it is executing this Loan Agreement and each of the Bond Documents to which it is a party as its own voluntary act free from duress and undue influence.

**Section 8.26. Reimbursement of Expenses.** If, upon the occurrence and during the continuance of any Loan Agreement Default or Default or upon the exercise of the Issuer's rights under the Indenture or upon the performance of the Issuer's obligations under the Indenture, the Issuer, the Trustee, the Bondholder Representative or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Issuer, the Trustee, the Bondholder Representative and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid hereunder and under Sections 5.01(e) and 6.14 shall be subordinate to its obligations to make payments under the Note, and the Borrower's obligations to pay the amounts under this Section.

**Section 8.27. Americans with Disabilities Act.** The Borrower hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Requirements (as defined in Exhibit I of the Regulatory Agreement). The Borrower and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of: (i) the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq. and its implementing regulations, and the American Disabilities Act Amendments Act (ADAAA), Pub. L. 110 325 and all subsequent amendments; (ii) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. Section 794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of Uniform Federal Accessibility Standards, 24 C.F.R. Section 40, Appendix A; (iii) the Fair Housing Act, 42 U.S.C. Sections 3601 3620; 24 C.F.R. Parts 100, 103, and 104, and its implementing regulations; and (iv) applicable California building codes. The Borrower and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Borrower relating to this Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this Section.

**Section 8.28. Business Tax Registration Certificate.** Subject to any exemption available to it, the Borrower represents that it has obtained or will obtain the Business Tax Registration Certificate(s) required by the 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 Agreement, the Borrower shall maintain, or obtain as necessary, any such Business Tax Registration Certificate(s) required of it under said Ordinance and shall not allow any such Business Tax Registration Certificate(s) to be revoked or suspended.

**Section 8.29. Child Support Assignment Orders.** This Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, the Borrower certifies that (a) it will fully comply with all State and federal employment reporting requirements applicable to Child Support Assignment Orders; (b) the principal owner(s) of the Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (c) it will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (d) it will maintain such compliance throughout the term of the Regulatory Agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of the Borrower to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Borrower to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Borrower as appropriate, under the terms of this Agreement, subjecting the Borrower to the remedies provided herein where, in either case, such failure shall continue for more than 90 days after notice of such failure to the Borrower 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 paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Borrower to obtain compliance of its subcontractors shall constitute a default by the Borrower under the terms of this Agreement, subjecting the Borrower to the remedies provided herein where such failure shall continue for more than 90 days after notice of such failure to the Borrower by the Issuer.

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

**Section 8.30. Extent of Covenants of the Issuer; No Personal Liability.** All covenants, obligations and agreements of the Issuer contained in this Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, director, officer, employee or agent of the Issuer or the governing body of the Issuer in other than his official capacity, and neither the members of the governing body of the Issuer nor any official 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 or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or in the Indenture.

## **ARTICLE IX**

### **SPECIAL PROVISIONS**

#### **Section 9.01. Sale of Bond and Secondary Market Transaction.**

(a) **Cooperation.** At the Servicer or Bondholder Representative's written request (to the extent not already required to be provided by the Borrower under this Loan Agreement), the Borrower shall reasonably cooperate (at no cost or expense and at no liability or potential liability to Borrower and any guarantor) with the Servicer or Bondholder Representative in connection with obtaining a rating or with one or more sales or assignments of all or a portion of the Bond or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Bond (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that (a) neither the Borrower nor the Issuer shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs including, without limitation, any costs associated with receiving a rating on the Bond, shall be paid by the Servicer or Bondholder Representative, and (b) in no event shall Borrower or any guarantor be required to execute any documents which would adversely affect any of their respective rights or obligation under this Loan Agreement or the other Loan Documents or Bond

Documents or make additional representations (other than reaffirming representations as provided below).

Without limiting the generality of the foregoing, the Borrower shall, so long as the Loan is still Outstanding and at no cost, expense, liability or potential liability to Borrower and any guarantor:

(i) (A) provide such financial and other information (to the extent reasonably available) with respect to the Project, the Bond, the Borrower, the Manager, the contractor of the Project or any Borrower Controlling Entity, (B) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward-looking statements or lack of audit, and (C), at the expense of the Servicer or Bondholder Representative, permit such site inspection, appraisals, surveys, market studies, non-invasive environmental reviews and reports, engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Servicer or Bondholder Representative or the Rating Agencies or as may be reasonably necessary in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Servicer or Bondholder Representative pursuant to this paragraph (i) being called the “Provided Information”), together, if customary and reasonable, 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 or Bondholder Representative and the Rating Agencies;

(ii) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower and the Bond Documents reasonably acceptable to the Servicer or Bondholder Representative, consistent with the facts covered by such representations and warranties as they exist on the date thereof and which are in the knowledge of the Borrower; and

(iii) execute such amendments to the Bond Documents as may be reasonably necessary to accommodate such Secondary Market Transaction so long as such amendment does not affect the economic terms of the Bond Documents, does not increase the Borrower’s liabilities or obligations under the Bond Documents and does not materially affect the Borrower’s rights or remedies under the Bond Documents, in its reasonable discretion.

(b) ***Use of Information.*** The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a “Secondary Market Disclosure Document”), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall reasonably cooperate, at no cost, expense, liability or

potential liability to Borrower and any guarantor, subject to Section 9.01(a)(iii), with the Servicer and Bondholder Representative in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information (to the extent reasonably available) pertaining to the Borrower and the Project reasonably necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information, provided that the recipient of any such information executes a nondisclosure agreement in form and substance reasonably satisfactory to the Borrower.

(c) ***Borrower Obligations Regarding Secondary Market Disclosure Documents.*** In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, shall use commercially reasonable efforts to cause it to provide, (i) information reasonably requested (to the extent reasonably available) by the Bondholder Representative pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Bondholder Representative pertaining to the Borrower, the Project or the third party); and (ii) any documents used in connection therewith that in any way mention the Issuer and the Bond shall indicate that the Issuer's liability is limited as provided in Section 5.01(d) of the Indenture; and that the Issuer has not approved the Secondary Market Transaction. The Borrower shall, if requested by the Servicer and Bondholder Representative, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager), to the best of Borrower's knowledge, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee and the Issuer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

(d) ***Borrower Indemnity Regarding Filings.*** In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, the Issuer, its members, and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, 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 Servicer, the Bondholder

Representative, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Servicer, the Bondholder Representative or the Underwriter Group in connection with defending or investigating 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; and provided further, the Borrower shall have no liability if any member of the Underwriter Group fails to disclose any or all of the Provided Information or modifies or changes any of the Provided Information without the prior written consent of the Borrower.

(e) **Indemnification Procedure.** Promptly after receipt by an indemnified party under Sections 9.01(c) and 9.01(d) 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. After notice from the Borrower to such indemnified party under this Section 9.01(e), 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.

(f) **Contribution.** In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.01(d) 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 Section 9.01(d), 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 11(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.



IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement, all as of the date first above written.

CITY OF LOS ANGELES, as Issuer

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Sean L. Spear  
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES  
MICHAEL N. FEUER, City Attorney

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

[Signature Page to *Parcel Q* Loan Agreement]

**CORE/RELATED GALA RENTALS, LP**, a  
California limited partnership

By: CORE/Related Grand Ave Holdings, LLC, a  
Delaware limited liability company, its General  
Partner

By: CORE/Related Grand Ave JV, LLC, a  
Delaware limited liability company and its  
sole member

By: Related Grand Avenue LLC, a  
Delaware limited liability company  
and its managing member

By: \_\_\_\_\_  
Name: Michael J. Brenner  
Title: Executive Vice President

[Signature Page to *Parcel Q* Loan Agreement]

**Attachment D**

*Regulatory Agreement for Grand Avenue Parcel Q on next page.*

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

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

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**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and among

**CITY OF LOS ANGELES,**  
as City

and

**[TRUSTEE],**  
as Trustee

and

**CORE/RELATED GALA RENTALS, LP**  
as Borrower

relating to

**[\$200,000,000]  
City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F**

Dated as of [October 1], 2018

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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 [October 1,] 2018 by and among the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with any successor to its rights, duties and obligations, the “Issuer” or the “City”), **[TRUSTEE]**, a national banking association in its capacity as Trustee (the “Trustee”) under the Indenture of Trust dated as of [October 1,] 2018 providing for the issuance of the below defined Series 2018F Bond (the “Indenture”) by and between the City and the Trustee, with an office in Los Angeles, California, and **CORE/RELATED GALA RENTALS, LP** (the “Borrower” and together with the below-defined Affordable Sublessee, the “Obligated Parties”).

### **W I T N E S S E T H :**

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

WHEREAS, on May 3, 2018 the City indicated its intent to provide for the issuance of a revenue bonds or notes to finance a portion of the acquisition and construction of Grand Avenue Parcel Q Apartments, a multifamily residential rental housing project to be located in the City of Los Angeles at 100 South Grand Avenue, as more particularly described in Exhibit A-1 and, as further provided herein, Exhibit A-2 hereto (collectively, the “Project Site”) and the City Council of the City subsequently adopted a resolution (the “Resolution”) authorizing the issuance of a bond for such purpose; and

WHEREAS, Los Angeles County (the “Fee Owner”) as owner of fee simple title to the Project Site has ground leased the Project Site hereto to the Community Redevelopment Agency, which in turn sub-ground leased the Property to the Joint Powers Authority (“JPA”). The JPA then further subleased the Project Site to the Borrower pursuant to the Ground Lease (as hereinafter defined); and

WHEREAS, following the Closing Date, CORE/Related GALA Affordable, LP, a California limited partnership to be formed (the “Affordable Sublessee”) will join the Borrower as a party to the Ground Lease; and

WHEREAS, upon the Affordable Sublessee’s execution of the Ground Lease, the Affordable Sublessee, when joined, will assume the duties and obligations of the Obligated Parties under this Regulatory Agreement; and

WHEREAS, upon the Closing Date, the Project will be legally subdivided pursuant to a recorded tract map to create a “Market Portion” to be leased by the Borrower and an “Affordable

Portion” to be leased by the Borrower and, around the time of completion of the Project, the Affordable Portion will be further subleased from the Borrower by the Affordable Sublessee; and

WHEREAS, in furtherance of the purposes of the Law, the Act and the Resolution, and as a part of the City’s program of financing housing, the City has issued its Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F (the “Bond”) in the principal amount of \$[200,000,000], the proceeds of which will be used to fund a loan (the “Loan”) to the Borrower to finance a portion of the acquisition and construction of the Project; and

WHEREAS, in order for interest on the Bond to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the “Code”), and the below-defined Regulations and rulings with respect to the Code, and in order to comply with the Law, the Act and the policies with respect to the City’s housing program, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the City, the Trustee and the Borrower have determined to enter into this Regulatory Agreement on the Closing Date and thereafter, as applicable, in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project and in order to ensure that the Project will be used and operated in accordance with the Code, the Law, the Act and the additional requirements of the City and the California Debt Limit Allocation Committee (“CDLAC”);

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City, the Trustee and the Obligated Parties hereby agree as follows:

**Section 1. Definitions and Interpretation.** Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture or the Loan Agreement, as applicable. The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

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

“*Adjusted Income*” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d)(2)(B) of the Code.

“*Affiliated Party*” means a limited or general partner or member of an Obligated Party, a person whose relationship with such Obligated Party would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with such Obligated Party, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).



*“Affordable Portion”* means that portion of the Project Site in which the Affordable Sublessee will have a subleasehold interest and described herein in Exhibit A-1, as amended.

*“Affordable Project”* shall mean that portion of the Project consisting of 89 residential units plus one manager unit, which shall be located on the Affordable Portion and subleased by the Affordable Sublessee.

*“Affordable Sublessee”* means CORE/Related GALA Affordable, LP, a California limited partnership to be formed, and its successors and assigns.

*“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 or persons who, at any time and from time to time, may be designated as an Obligated Parties’ authorized representative by written certificate furnished to the City and the Trustee containing the specimen signature of such person and signed on behalf of the applicable Obligated Party by or on behalf of any authorized general partner of such Obligated Party if such Obligated Party is a general or limited partnership, by any authorized managing member of an Obligated Party if such Obligated Party is a limited liability company, or by any authorized officer of an Obligated Party if such Obligated Party 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 an Obligated Party, 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 applicable Obligated Party files with it (with a copy to the City) a written certificate identifying a different person or persons to act in such capacity.

*“Bifurcation Date”* means the date, following the Completion Date, when the Project is subdivided pursuant to the provisions of the Construction Loan Agreement (as defined in the Indenture).

*“Bond Counsel”* means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the Tax-exempt nature of interest on, obligations issued by states and their political subdivisions, selected by the City and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia but shall not include counsel for the Obligated Parties 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 Obligated Parties, the City, the Trustee or the Bondholder in connection with the Bond.

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

“*Bond*” means the Issuer’s Multifamily Mortgage Revenue Bond (Grand Avenue Parcel Q Apartments) Series 2018F authorized, authenticated and delivered under the Indenture, as defined in the recitals hereto.

“*Borrower*” means CORE/Related GALA Rentals, LP, a California limited partnership, and its successors and assigns.

“*CDLAC*” means the California Debt Limit Allocation Committee or its successors.

“*CDLAC Conditions*” has the meaning given such term in Section 33 hereof.

“*CDLAC Resolution*” means CDLAC Resolution No. 18-063, adopted on July 18, 2018, attached to this Regulatory Agreement as Exhibit G and relating to the Project, as such resolution may be modified or amended from time to time.

“*Certificate of CDLAC Program Compliance*” means the Certification of Compliance II for Qualified Residential Rental Projects to be filed with the City at the times specified in Section 33(a) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit E or such other form required or otherwise provided by CDLAC from time to time.

“*Certificate of Continuing Program Compliance*” means the Certificate of Continuing Program Compliance and Statistical Report to be filed with the City and the Trustee at the times specified in Sections 4(d) and (f) of this Regulatory Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B or such other form as may from time to time be prescribed by the City.

“*Certificate of Qualified Project Period*” means a certificate in substantially the form attached hereto as Exhibit J.

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

“*Closing Date*” or “*Bond Closing Date*” means the date upon which the Bond is initially funded in an amount equal to at least \$50,001.

“*Code*” means the Internal Revenue Code of 1986, as amended; each reference to the Code shall be deemed to include (a) any successor internal revenue law and (b) the applicable regulations whether final, temporary or proposed under the Code or such successor law [or the applicable regulations under the Internal Revenue Code of 1954, as applicable].

“*Completion Date*” means the date of the completion of the acquisition and construction of the Project, as that date shall be certified as provided in Section 2(h) hereof as specified in the Construction Completion Certificate.

“*Compliance Period*” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 33(c) of this Regulatory Agreement.

“*Construction Completion Certificate*” means a written certification signed by an Authorized Borrower Representative certifying among other things to the substantial completion of the Project and delivered to the City, Trustee and CDLAC not more than [50] months after the Closing Date, in substantially the form of Exhibit F hereto or such other form required or otherwise provided by CDLAC from time to time.

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

“*Determination of Taxability*” means either (a) refusal by the Obligated Parties to consent to any amendment or supplement hereto or to the Indenture which, in the written opinion of Bond Counsel, is necessary to maintain the exclusion of interest on the Bond from gross income for federal income tax purposes; or (b) any of (i) the enactment of applicable legislation of which the Trustee has actual knowledge, (ii) a final judgment or order of a court of original or appellate jurisdiction of which the Trustee has actual knowledge, (iii) a final ruling or decision of the Internal Revenue Service of which the Trustee has actual knowledge or (iv) the filing with the Trustee of an opinion of Bond Counsel, in each case to the effect that the interest on the Bond (other than interest on the Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code) is includable in the gross incomes of all recipients thereof for federal income tax purposes. With respect to the foregoing, a judgment or order of a court or a ruling or decision of the Internal Revenue Service shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal has expired.

“*Ground Lease*” means the Ground Lease by and between the JPA, as landlord, and, as of the Closing Date, the Borrower, as tenant, as amended, modified, supplemented or restated from time to time, including the joinder of the Affordable Sublessee as a party thereto following the Closing Date.

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

“*Hazardous Materials Laws*” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all

amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the Obligated Parties or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq., and their state analogs.

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

“*HUD*” means the U.S. Department of Housing and Urban Development and any successor agency.

“*Income Certification*” means, initially, an Income Certification in the form attached hereto as Exhibit C or in such other form as may from time to time be provided by the City to the Obligated Parties and, with respect to recertifications, the Annual Tenant Income Recertification attached hereto as Exhibit D or such other form as may, from time to time, be provided by the City to the Obligated Parties.

“*Indenture*” means the Indenture of Trust dated as of [October 1,] 2018 by and between the City and the Trustee, relating to the issuance of the Bond as it may be amended, modified, supplemented or restated from time to time.

“*Inducement Date*” means May 3, 2018.

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

“*JPA*” has the meaning set forth in the Recitals hereto.

“*LCP Tracker*” means Labor Compliance Software for monitoring prevailing wage rates.

“*Loan*” means the loan of the sale proceeds of the Bond by the City to the Borrower pursuant to the Loan Agreement for the purpose of providing funds for the acquisition and construction of the Project.

“*Loan Agreement*” means the Loan Agreement dated as of [October 1,] 2018 by and between the City and the Borrower, relating to the loan of the proceeds of the Bond as it may be 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 50% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Project shall not be considered to be 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 Obligated Parties upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Obligated Parties have 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 Affordable 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.

*"Market Portion"* means that portion of the Project Site in which the Borrower owns a leasehold interest and described herein in Exhibit A-2.

*"Market Project"* shall mean that portion of the Project consisting of 233 residential rental units plus amenity and common area, which shall be located on the Market Portion and owned by the Borrower.

*"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.

*"Obligated Parties"* shall mean the Borrower and, upon joinder hereto, shall mean the Borrower and the Affordable Sublessee and each shall be an *"Obligated Party."*

*"Predevelopment Costs"* are those costs defined as "preliminary expenditures" in Section 1.150-2(f)(2) of the Code.

*"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 Obligated Parties with respect to the acquisition and construction and the credit enhancement fees, if any, attributable to the period of, the construction of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site preparation, the planning of housing, related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, including Qualified Project Costs, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and developer's overhead and supervisors' fees and costs directly allocable to the Project, administrative and

other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or other entity or person for expenditures made, for the Project).

*“Project Facilities”* means the buildings, structures and other improvements to be constructed or improved by the Obligated Parties, and all fixtures and other property owned by the Obligated Parties and located on the Project Site, 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”* is described on Exhibit A-1 and Exhibit A-2 hereto, as they may be amended, in which a leasehold estate is granted under the Ground Lease. The Project Site shall consist of the Affordable Portion and the Market Portion, as further described on Exhibit A-1 and Exhibit A-2, respectively.

*“Qualified Project Costs”* means the Project Costs (excluding issuance costs) incurred as Predevelopment Costs or 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 an Obligated Party or but for the proper election by such Obligated Party to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bond during the construction of the Project shall constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing on or after the Completion Date shall not be Qualified Project Costs; and provided finally that if any portion of the Project is being constructed by the Obligated Parties 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 such Obligated Party or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by such Obligated Party or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by such Obligated Party or such Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Obligated Parties and the seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations.

*“Qualified Project Period”* means the period beginning on the first day on which 10% of the dwelling units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which 50% of the dwelling units in the Project are first occupied,

(b) the first date on which no Tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates. The CDLAC Conditions apply for a period which, in some cases, exceeds the Qualified Project Period.

“*Regulations*” means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

“*Tax Certificate*” means the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 dated the Closing Date, executed and delivered by the City and the Borrower, as amended, modified, supplemented or restated from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income for federal income tax purposes (other than interest on any Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bond or a “related person,” as such terms are used in Section 147(a) of the Code); 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.

“*TCAC Regulations*” shall mean the applicable rules and regulations of The California Tax Credit Allocation Committee, as may be amended from time to time.

“*Trustee*” means [TRUSTEE] in its capacity as Trustee under the Indenture, together with its successors and assigns.

“*Very Low Income Tenant*” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of 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 40% of median gross income for the Area with adjustments for family size. Except as otherwise provided herein, the occupants of a unit in the Affordable Project shall not be considered to be Very Low Income Tenants if all the occupants of a unit are students (as defined in Section 152(f)(2) of the Code) and any one of those students is not (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State, or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act) or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents. The determination of a tenant’s status as a Very Low Income Tenant shall be made by the Obligated Parties upon initial occupancy of a unit in the Affordable Project by such Tenant and annually thereafter and at any time the Obligated Parties have

knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant.

“*Very Low Income Units*” means the units in the Affordable Project required to be rented to, or held available for occupancy by, Very Low Income Tenants pursuant to Sections 4(a), 4(b) and 6(a) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section I, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

In the event of any conflict between this Regulatory Agreement and the CDLAC Conditions, the most restrictive requirement shall govern.

**Section 2. Acquisition and Construction of the Project.** The Borrower hereby represents as of the date hereof, covenants and agrees with the City and the Trustee as follows:

(a) The Borrower has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the acquisition (of its leasehold interest in) and construction 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 and construction of the Project are accurately set forth in the Borrower Cost Certificate (the “Borrower Cost Certificate”) submitted to the City on the Closing Date.

(c) The Borrower has acquired a leasehold interest in the Project Site and will, within six months following the Bond Closing Date, commence the construction of the Project and will proceed with due diligence to complete the same. Notwithstanding anything herein to the contrary, no Project Costs relating to the acquisition of the Project or any assets relating thereto (including, without limitation, rights and interests with respect to development of the Project) shall constitute “Qualified Project Costs” unless, at the time Bond proceeds are expended to pay such costs, the Obligated Parties and the seller of such assets are not “related parties” as such term is defined in Section 1.150-1(b) of the Regulations. The Borrower reasonably expects to complete the acquisition and



construction of the Project and to expend the full amount of the proceeds of the Loan for Project Costs prior to the date which is [50] 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.

(e) [Reserved].

(f) No proceeds of the Bond will be used to pay or reimburse any cost (i) incurred more than 60 days prior to the Inducement Date except for Predevelopment Costs, or (ii) incurred more than three years prior to such payment or reimbursement. Any allocation of Bond proceeds to the reimbursement of previously incurred costs shall be made not later than 18 months after the later of (i) the date the original expenditure was paid or (ii) the date the Project is placed in service or abandoned. The acquisition, construction and equipping of the Project by the Borrower commenced less than 60 days prior to the Inducement Date, and as of 60 days prior to the Inducement Date (A) neither the Borrower nor any "related person" (as such phrase is used in Section 147(a)(2) of the Code) has made any expenditure in connection with the acquisition, construction or equipping of the Project, (B) no on-site work has been commenced by the Borrower or any related person in connection with the construction of the Project, and (C) no off-site fabrication of any portion of the Project has been commenced by the Borrower or any related person. The Project consists, and shall at all times consist, of property which is land or is subject to the allowance for depreciation provided in Section 167 of the Code.

(g) The Borrower (and no Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Loan to be applied in a manner contrary to the requirements of this Regulatory Agreement, nor will it take or omit to take any such action if the Borrower (or any Affiliated Party) knows that such action or omission may cause the proceeds from the sale of the Bond to be applied in a manner contrary to the Indenture, the Loan Agreement, the Law, the Act or the Code.

(h) The Obligated Parties shall, on the Completion Date, evidence the Completion Date by providing a Construction Completion Certificate to CDLAC, the Trustee and the City, signed by an Authorized Borrower Representative.

Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Obligated Parties against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist. The Construction Completion Certificate shall be delivered to the Trustee no later than the date [50] months from the Closing Date unless the Obligated Parties deliver to the Trustee a certificate of the City consenting to an extension of such date, accompanied by an opinion of Bond Counsel to the effect that such extension will not result in interest on the Bond being included in gross income for federal income tax purposes.

(i) The Obligated Parties agree 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 Obligated Parties relative to the Project Site to an amount that is less than 25% of the amount of Bond proceeds spent by the Obligated Parties 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 Obligated Parties 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 or on Predevelopment Costs and chargeable to the capital account of the Project (or so chargeable either with a proper election by the Obligated Parties 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 Obligated Parties, the Trustee and the City of an approving opinion of Bond Counsel, the percentage of such amounts so used may be 95%.

(j) No Bond proceeds shall be expended to acquire any structures other than buildings within the meaning of Section 147(d) of the Code.

**Section 3. Residential Rental Property.** The Obligated Parties hereby acknowledge 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, each Obligated Party 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 applicable Obligated Party 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 and Very Low Income in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Housing Units (as defined in Exhibit I hereto) shall also comply with the requirements of Exhibit I. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park. Notwithstanding the foregoing, single-room occupancy units provided under Section 42(i)(3)(B)(iv) of the Code shall not be considered to be utilized on a transient basis.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Obligated Parties 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, no Obligated Party shall take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units (which shall not include any manager units) in the Project will be available for rental on a continuous basis to members of the general public, and the Obligated Parties will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent of the following: (1) any dwelling units that are required to be leased or rented to Low Income Tenants or Very Low Income Tenants, (2) to the extent not otherwise inconsistent with the requirements of Section 3(e), the requirements of any regulatory agreement executed between the Obligated Parties and HUD or between the Obligated Parties and a subordinate lender (including the City), (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project, (4) any preference the Obligated Parties give to a class of persons permitted to be given preference pursuant to the Code and other applicable federal law; and (5) Accessible Housing Units shall be made available to persons with disabilities as provided in Exhibit I.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by an Obligated Party; 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 an Obligated Party.

(h) The Project shall be maintained in conformity with the habitability and fire codes of the City of Los Angeles.

(i) The Project shall be managed in a manner consistent with prudent property management standards and in compliance with all state and local laws, ordinances and regulations relating thereto.

(j) Should involuntary noncompliance with the provisions of Regulations Section 1.103-8(b) be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Regulations, or condemnation or similar event, each Obligated Party 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; Very Low Income Tenants; Records and Reports.**

Pursuant to the requirements of the Code and the City, the Obligated Parties, as herein provided, hereby represent, warrant and covenant as follows:

(a) The Project will be developed for the purpose of providing multifamily residential rental property, and each Obligated Party will own, manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities in accordance with the Law and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time. Within 30 days after the date on which 50% of the dwelling units in the Project are occupied by tenants providing an Income Certification, the Obligated Parties shall execute and deliver to the City (with a copy to the Los Angeles Housing and Community Investment Department, Occupancy Monitoring Section, 1200 West 7<sup>th</sup> Street, 8<sup>th</sup> Floor, Los Angeles, CA 90017), and a copy to CDLAC and the Trustee a Certificate of Qualified Project Period.

(b) Commencing on the first day of the Qualified Project Period, the Obligated Parties covenant, represent and warrant that Low Income Tenants shall occupy at least 100% of all completed and occupied units in the Affordable Project (consisting of a minimum of 20% of all units in the Project) and not less than 15% of such Low Income Units (consisting of at least 3% of all units in the Project) shall be Very Low Income Units occupied by Very Low Income Tenants (excluding units occupied by property managers) before any additional units are occupied by persons

who are not Low Income Tenants or Very Low Income Tenants; and for the Qualified Project Period no less than 100% of the total number of completed units of the Affordable Project shall at all times be rented to and occupied by Low Income Tenants and not less than 15% of such Low Income Units shall be occupied by Very Low Income Tenants. For the purposes of this subsection (b), a vacant unit which was most recently occupied by a Low Income Tenant or Very Low Income Tenants is treated as rented and occupied by a Low Income Tenant or Very 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 or Very Low Income Tenant shall be denied continued occupancy of a unit in the Affordable Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants or Very Low Income Tenants; provided, however, that should a [Low Income Tenant's Adjusted Income, as of the most recent determination thereof, or a Very Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 170%], of the then applicable income limit for a Low Income Tenant or Very Low Income Tenant of the same family size: in the case of a Low Income Tenant, the next available unit in the Affordable Project of comparable or smaller size; and in the case of a Very Low Income Unit, the next available unit in the Affordable Project, must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant or Very Low Income Tenant, as applicable; and provided further that, until such next available Low Income Unit is rented to a tenant who is not a Low Income Tenant or Very Low Income Tenant, as applicable, the former Low Income Tenant or Very Low Income Tenant, as applicable, who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant or Very Low Income Tenant, as applicable, for purposes of the 100% and 15% requirements of subsection (b) of this Section 4 (if applicable). If the Project consists of more than one building, this requirement shall apply on a building-by-building basis.

(d) The Obligated Parties will obtain, complete and maintain on file Income Certifications from each Low Income Tenant and Very Low Income Tenant, including (i) an Income Certification dated no later than the day prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant in the Affordable Project and (ii) thereafter, annual Income Certifications dated as of the anniversary date of each initial Income Certification. The Obligated Parties will obtain such additional information as may be required in the future by the State of California, by the City and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants and Very Low Income Tenants commencing or continuing occupation of a Low Income Unit or Very Low Income Unit (and not previously filed with the City) shall be attached to the

Certificate of Continuing Program Compliance which is to be filed with the City no later than the fifteenth day of each month until such report indicates compliance with Section 4(b) and thereafter on the fifteenth day of each [April] and [October] until the end of the Qualified Project Period. The Obligated Parties shall make a good-faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by obtaining the acceptable forms of verification enumerated in Chapter 3 of the most current, amended edition of HUD Handbook 4350.3, or such instruction by HUD that may supersede this handbook, and any additional documentation that the City shall deem relevant, such as the two most recent years' tax returns or other forms of independent verification satisfactory to the City.

(e) The Obligated Parties will use their best efforts to maintain complete and accurate records pertaining to the Low Income Units and Very Low Income Units, and will with reasonable notice permit any duly authorized representative of the City, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Obligated Parties pertaining to the Affordable Project during regular business hours, including those records pertaining to the occupancy of the Low Income Units and Very Low Income Units.

(f) The Obligated Parties will prepare and submit to the City and the Trustee, no later than the fifteenth day of each month following the receipt by the Trustee of the Construction Completion Certificate to and including the month in which such report indicates that 100% of the occupied units in the Affordable Project (excluding units occupied by property managers) are occupied by Low Income Tenants and at least 15% of such units are occupied by Very Low Income Tenants, and thereafter no later than the fifteenth day of each [April] and [October] until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Obligated Parties stating (i) the percentage of the dwelling units which were occupied or deemed occupied, pursuant to subsection (b) of this Section 4, by Low Income Tenants and Very 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 Obligated Parties to remedy such default; and (iii) that, to the knowledge of the Obligated Parties, 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 Obligated Parties will submit to the City a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each March 31 during the Qualified Project Period the Obligated Parties will submit such completed form to the Secretary of the Treasury, regardless of whether or not the City has responded to such draft.

(h) Subject to the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Affordable Project, each lease or rental agreement

pertaining to a Low Income Unit shall contain a provision to the effect that the Obligated Parties have relied on the Income Certification and supporting information supplied by the Low Income Tenant or Very Low Income Tenant in determining qualification for occupancy of the Low Income Unit or Very 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 170% for a Low Income Tenant or a Very Low Income Tenant] 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 or Very Low Income Tenant, and such tenant's rent is subject to increase. Notwithstanding anything in this Section 4(h) to the contrary, such tenant's rent may be increased only pursuant to Section 7(l) hereof.

(i) The rents paid by Very Low Income Tenants (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 lesser of: (i) the amount derived by multiplying 30% times 40% of the median adjusted gross income for the Area, adjusted for family size, as determined pursuant to the TCAC Regulations, assuming a family of one and one half persons per bedroom (for example, four and one half persons in a three bedroom unit); or (ii) 1/2 of the average gross rent with respect to the Market Project units of comparable size. The Obligated Parties shall deliver, or cause to be delivered, to the City and the Trustee a schedule of then current Market Project rents for each unit size on each [April] 1 and [October] 1 or such other dates as the City or Trustee shall request in writing.

(j) Pursuant to the CDLAC Conditions attached hereto and for the entire term of the Regulatory Agreement, the Project, shall consist of 32 units including one manager unit of which at least 89 qualified residential units shall be rented or held vacant for rental for persons or families whose income is at or below 50% of the area median as shown in the chart below:

Unit Type	Units at 40% AMI	Units at 50% AMI	Fair Market Rate	Non-Income (Manager's Units)	Total Number of Units
Studio	3	18	70	0	91
1-bedroom	6	30	104	0	140
2-bedroom	4	25	53	1	83
3-bedroom	1	2	6	0	9

<b>Total</b>	<b>14</b>	<b>75</b>	<b>233</b>	<b>1</b>	<b>323</b>
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(k) The Obligated Parties have elected to treat the project as a “deep rent skewed project” pursuant to Section 142(d)(4)(B) of the Code.

**Section 5. Tax-exempt Status of the Bond.** The Obligated Parties and the City make the following representations, warranties and agreements for the benefit of the holder of the Bond from time to time:

(a) Neither the Obligated Parties nor the City will 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 neither Obligated Party shall 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 Obligated Parties and the City will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the City and the Trustee, with a copy to each Obligated Party, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower and the City will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the City and the Trustee, with a copy to the Borrower, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of Los Angeles.

(d) No Obligated Party will 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, each Obligated Party 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 Obligated Party has no remaining interest in the Project, such former Obligated Party shall have no obligation to monitor such transferee’s compliance with such restrictions, and such former Obligated Party shall incur liability if such



transferee fails to comply with such restrictions only in proportion to its then remaining interest.

(f) Neither the Obligated Parties nor any related party (as defined in Section 1.150-1(b) of the Regulations) thereto shall 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 Obligated Parties and the City hereby agree to comply with each of the requirements of the Act, and, without limiting the foregoing, the Obligated Parties hereby specifically agree 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 20% of the total number of Project units (consisting of 100% of the total number of Affordable Project units) shall be reserved for occupancy by tenants whose adjusted gross income does not exceed 50% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(b) The rents paid by the tenant for the units reserved pursuant to paragraph (a) of this Section (excluding any supplemental rental assistance from the State, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed the amount derived by multiplying 30% times 50% of the median gross income for the Area, adjusted for family size, as determined pursuant to Section 8 of the Housing Act.

(c) During the Qualified Project Period the Obligated Parties shall file Certificates of Continuing Program Compliance in the form and at the time required by Sections 4(d) and (f) hereof that shall contain sufficient information to allow the City to file any annual report required by the Act or pursuant to California Government Code Section 8855.5 and the Obligated Parties shall provide to the California Debt and Investment Advisory Commission any annual report information required by California Government Code Section 8855(k)(1) until the later of the date the Bond is no longer outstanding or the proceeds of the Bond have been fully spent.

(d) No portion of the Bond shall be used to finance the acquisition, construction, rehabilitation, refinancing or development of commercial property for lease.

(e) The Obligated Parties 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, 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 [170% (for a Low Income Tenant or a Very Low Income Tenant)] of the maximum eligible income specified herein;

(ii) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this Section, means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project;

(iii) Thirty (30) years after the date of the commencement of the Qualified Project Period; and

(iv) The Obligated Parties pay 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 Obligated Parties shall continue to make available to Low Income Tenants and Very Low Income Tenants reserved units that have been vacated to the same extent that nonreserved units are made available to tenants other than Low Income Tenants and Very Low Income Tenants.

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 an Obligated Party's failure to comply with its obligations under this Regulatory Agreement.

**Section 7. Additional Requirements of the City.** In addition to, and not in derogation of, the requirements set forth in the preceding and following sections of this Regulatory Agreement, each of which is hereby incorporated in this Section as a specific requirement of the City, whether or not required by California or federal law, the Obligated Parties represent, warrant, covenant and agree as follows:

(a) The Obligated Parties shall promptly provide to the City such information with respect to the Project or the Bond as the City shall from time to time request in writing. The Obligated Parties shall provide written notice to the City of receipt of a certificate of occupancy or other official authorization to occupy the Project immediately upon receipt.

(b) The Low Income Units and Very Low Income Units shall be of comparable quality to all other units in the Project, shall be dispersed throughout the Project, and shall offer a range of size and number of bedrooms comparable to those

units which are available to other tenants; and Low Income Tenants and Very Low Income Units 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) Each Obligated Party agrees that it will not discriminate in the rental of units or in its employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, age, sexual orientation, gender identity/expression, transgender status, disability (except to give priority to persons with disabilities for the occupancy of Accessible Housing Units), marital status, domestic partner status or medical condition. All contracts entered into by an Obligated Party which relate to the Project shall contain a like provision. Each Obligated Party shall comply with the provisions of Sections 10.8.2 and 10.8.4 of the Administrative Code of the City, the provisions of which are hereby incorporated by reference.

(d) [Reserved].

(e) For the Qualified Project Period, each Obligated Party 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 Obligated Parties in renting any residential units in the Affordable Project to Low Income Tenants and Very Low Income Tenants shall provide for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of California law, for any tenant who fails to qualify as a Low Income Tenant or a Very Low Income Tenant and who has made a material misrepresentation on the Income Certification as to such tenant's qualification as a Low Income Tenant or Very Low Income Tenant. All such leases shall contain clauses, among others, wherein each individual lessee (i) certifies the accuracy of the statements made in the Income Certification and (ii) agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obligations of the lessee's tenancy; that the lessee will comply promptly with all requests for information with respect thereto from the Obligated Parties or the City; and that the lessee's failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee's tenancy and shall be a default thereunder. Additionally, such lease shall contain provisions informing any tenant of the possibility of rental payment increases in accordance with the terms of this Regulatory Agreement.

(g) All Income Certifications will be maintained on file at the Project or, with the prior written consent of the City, at the principal place of business of the Obligated Parties or the property manager of the Affordable Project, so long as this Regulatory Agreement is in effect and for five years thereafter with respect to each Low Income Tenant and Very Low Income Tenant who occupied a residential unit in the Project during the Qualified Project Period.

(h) Each Obligated Party 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. No Obligated Party shall apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants.

(i) The Obligated Parties shall submit to the City (i) at the times specified in Sections 4(d) and (f) herein, a Certificate of Continuing Program Compliance, which shall include the information called for therein, including occupancy records for all units in the Affordable Project, and (ii) within 15 days after receipt of a written request, any other information or completed forms requested by the City, in each case, in order to comply with reporting requirements of the Internal Revenue Service or the State of California, including, without limitation, information necessary for the City to file any periodic report, or any other information concerning the Project as the City may reasonably request.

(j) All workers performing construction or rehabilitation work for the Project employed by an Obligated Party or by any contractor or subcontractor shall be compensated in an amount no less than the greater of (i) the general prevailing rate of per diem wages ("Prevailing Wages") as determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations, (ii) the general prevailing rate of per diem wages as determined by the U.S. Labor Department pursuant to the Davis-Bacon Act under 40 U.S.C.S. 3141-3148 and implementing regulations ("Davis-Bacon Wages"), if applicable; and (iii) the "Living Wage" as determined by the policies and procedures of the City of Los Angeles. The Obligated Parties shall comply with all reporting and recordkeeping requirements of the City's prevailing wage policy. The Obligated Parties shall, and shall cause the contractors and subcontractors to, submit data and documents related to Prevailing Wages or Davis-Bacon Wages, if applicable, using the LCP Tracker or comparable HCIDLA-approved program. The fee for the LCP Tracker, or comparable HCIDLA-approved program, will be in the amount equal to Three One-Hundredths Percent (0.03%) of the total rehabilitation and construction cost, which fee shall be paid in full to the City within 30 days of execution of this Agreement.

(k) The City may, at its option and at its expense, at any time appoint an administrator to administer this Regulatory Agreement and to monitor performance by the Obligated Parties of the terms, provisions and requirements hereof. Following any such appointment, the Obligated Parties shall comply with any request by the City to deliver to such administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and upon reasonable written notice to the Obligated Parties to make the Project and the books and records with respect thereto available for inspection during regular business hours by such administrator as an agent of the City.

(l) If upon the annual certification or recertification required in Section 4(d) a tenant's Adjusted Income exceeds [170% for Low Income Tenants or Very Low Income Tenants] of the then applicable income limit for a Low Income Tenant or Very

Low Income Tenant of the same family size, all rental limits herein previously applicable to the unit in the Affordable Project occupied for such tenant shall continue to apply until the next available Low Income Unit is rented to a tenant who is a Low Income Tenant or Very Low Income Tenant.

(m) The Obligated Parties shall give written notice to Low Income Tenants and Very Low Income Tenants, at the following four points in time:

(i) Upon initial move-in/lease execution, the Obligated Parties shall give written notice to all tenants of Low Income Units and Very Low Income Units, of the duration of the rent restrictions under this Regulatory Agreement. The Obligated Parties 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, the Obligated Parties must give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels. The Obligated Parties must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, the California Department of Housing and Community Development and the Los Angeles Housing and Community Investment Department.

(iii) Six months prior to the termination of the rent restriction period under this Regulatory Agreement, the Obligated Parties must give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels. The Obligated Parties must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, the California Department of Housing and Community Development and the Los Angeles Housing and Community Investment Department.

(iv) Ninety days prior to the termination of the rent restriction period under this Regulatory Agreement, the Obligated Parties must again give written notice to its tenants of the termination of the restrictions on the Low Income Units and Very Low Income Units before their rents may be raised to market rent levels.

Unless the Obligated Parties meet the requirements of California Government Code 65863.13, pursuant to California Government Code 65863.11, prior or concurrent with the twelve month notice referenced above in (ii), the Obligated Parties must provide notice of the opportunity to offer to purchase the assisted housing development to all qualified entities on the list maintained by the California Department of Housing and Community Development as well as to those qualified entities that contact the Obligated Parties directly. The notice shall conform to the requirements of California Government Code 65863.11(h) and shall be sent to the entities by registered or certified, return receipt requested. The Obligated Parties shall also post a copy of the notice in a conspicuous place in the common area of the Project.

(n) The Borrower shall, on the Closing Date, on a joint and several basis, pay to the City its initial fee and thereafter pay to the City its ongoing fees with respect to the issuance of the Bond as follows. The Borrower shall pay the City an initial fee immediately upon issuance of the Bond equal to \$[ ] (.25% of the aggregate maximum principal amount of the Bond issuable under the Indenture (\$[200,000,000])). In addition, the Obligated Parties shall, on a joint and several basis, as compensation for the City's monitoring of the provisions of this Regulatory Agreement, pay to the City, semiannually in arrears, prorated for the initial payment, on the first day of each [April] and [October] commencing [April] 1, 2019: (i) for the period from the date of issuance of the Bond through the later of: (i) the end of the Qualified Project Period; or (ii) the termination of the CDLAC Conditions, prorated for the initial and any subsequent partial period, a semiannual amount equal to the greater of: (A) during the period from the Closing Date to the Conversion Date, \$1,250 or one-half of 0.125% of the maximum principal amount of the Bond issuable under the Indenture (\$[200,000,000]); and (B) from and after the Conversion Date, \$1,250 or one half of 0.125% of the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date but before any amendment and restatement of the Indenture; or in either case, such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes. Throughout the term of this Agreement, the Trustee, or the City, as applicable, shall provide an invoice to the Obligated Parties at least 30 days prior to the due date of each such payment (and if applicable, a copy of which shall be provided to the City) and shall collect such payments from the Obligated Parties and immediately remit such funds to the City. In the event of any prepayment of the Bond in whole, prior to the later of: (i) the end of the Qualified Project Period; or (ii) the termination of the CDLAC Conditions, the Obligated Parties, at their election, shall either: (A) pay to the City, on or before such payment, an amount equal to the present value of the remaining City fees payable hereunder, as calculated by the City, using a discount rate equal to the yield on the date of prepayment on the United States treasury security maturing on the date nearest the later of: (1) the end of the Qualified Project Period or (2) the termination of the CDLAC Conditions, or such lesser amount as shall be necessary in the opinion of Bond Counsel to preserve the exemption of interest on the Bond from gross income for federal income tax purposes; or (B) enter into a trustee agreement with a corporate trustee acceptable to the City requiring the trustee appointed thereunder to bill and collect from the Obligated Parties and to pay the City on an annual basis, in arrears on or before each [October] 1, the annual fee described above. The Obligated Parties shall

bear the cost of such trustee through the term of this Regulatory Agreement. The Obligated Parties 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 Obligated Parties shall, on a joint and several basis, except as provided in this subsection (o), pay to the City a processing fee equal to: (i) prior to the Conversion Date, the greater of \$5,000 or 0.125% of the maximum principal amount of the Bond issuable under the Indenture; and (ii) following the Conversion Date the greater of \$5,000 or 0.125% of the principal amount of the Bond Outstanding under the Indenture immediately after the Conversion Date, but before any amendment and restatement of the Indenture, plus any expenses incurred by the City, including, without limitation, Bond Counsel, City attorney and financial advisor fees, as a condition to the consideration and receipt of any consent, approval, amendment, transfer or waiver requested of the City with respect to the Project, the Project Site or the Bond. The City shall provide an invoice directly to the Obligated Parties for such amounts. Notwithstanding the foregoing no such processing fee shall be due in connection with the execution of any amendment to this Regulatory Agreement or other Bond Documents in connection with the sublease of the Affordable Project to the Affordable Sublessee, as anticipated herein and in the Loan Agreement.

(p) The Obligated Parties, on a joint and several basis, shall pay the City its then-current fees, except as provided in subsection (o) above, in connection with any consent, approval, transfer, amendment or waiver requested of the City, together with any expenses incurred by the City in connection therewith.

(q) The Trustee shall report to the City in writing semiannually, within 10 days of each June 30 and December 31, the principal amount of the Bond outstanding as of such June 30 or December 31, as appropriate.

(r) [Reserved].

(s) The Obligated Parties shall comply with all applicable requirements of the Ground Lease and shall provide prompt written notice to the City and the Trustee of any default thereunder.

(t) The Obligated Parties shall include the City as an additional insured on all liability insurance policies relating to the Obligated Parties or the Project.

(u) The Obligated Parties shall not rent any Low Income Unit or Very Low Income Unit to: (i) any individual who (A) holds an ownership interest in an Obligated Party, any general partner or member (or owner of such general partner or member) of an Obligated Party, (B) is an officer, board member, employee or agent of, or consultant to, an Obligated Party or any general partner or member thereof or owner of such general partner or member or (C) is a developer of the Project (collectively, an "Owner/Developer"); (ii) any Immediate Family Member of an Owner/Developer ("Immediate Family Members" consists of: (A) spouses; (B) children, (C) parents and

grandparents, (D) siblings, (E) in-laws, including brother/sister-in-law and mother/father-in-law and son/daughter-in-law or (F) significant other or domestic partner); or (iii) any elected official or his or her spouse/partner, who participated in the deliberative process, vote or consideration of legislative action regarding the issuance of the Bond or other loan in support of the Project, unless such person otherwise qualifies for tenancy under this Agreement and such tenancy is approved in writing by the City.

The Obligated Parties shall include a certification in each tenant application for a unit in the Affordable Portion that the applicant is not an Owner/Developer, an elected official who participated in the issuance of the Bond or an Immediate Family Member thereof. The Obligated Parties recognize and agree that the penalty for violation of the above covenant shall be a fine of \$5,000 per violation/ per unit.

(v) Neither the Obligated Parties nor any general partner thereof shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the City as the source of the financing provided for the Project, without the prior written approval of the City (provided that nothing herein shall prevent the Obligated Parties or any general partner thereof from identifying the City as the source of such financing to the extent that the Obligated Parties or any general partner thereof is required to do so by disclosure requirements applicable to publicly held companies).

Any of the foregoing requirements of the City may be expressly waived by the City in writing in the City's sole discretion, but (i) no waiver by the City of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, including particularly but without limitation the provisions of Sections 2 through 6 hereof, except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Act or the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the City and the Obligated Parties 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 Obligated Parties, the Trustee and the City hereby agree as follows:

(a) To the extent any amendments to the Law, the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the City, the Trustee and the Obligated Parties, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement in order to maintain the Tax-exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto



hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Law, the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the City, the Trustee and the Obligated Parties, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the City, the Trustee and the Obligated Parties and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Law and the Act and will not affect the Tax-exempt status of interest on the Bond. The City shall be under no obligation to agree to any such amendment, it being understood that each of the requirements of this Regulatory Agreement is a specific requirement of the City, whether or not required by California or federal law.

(c) The Obligated Parties, the City and, if applicable, the Trustee shall execute, deliver and, if applicable, file or record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the City hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file or record on behalf of the City, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the City defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the City, the Trustee shall take no action under this subsection (c) without first notifying the City and without first providing the City an opportunity to comply with the requirements of this Section 8. Nothing in this Section 8(c) shall be construed to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the City.

**Section 9. Indemnification.** The Obligated Parties shall, on a joint and several basis, defend, indemnify and hold harmless the City and the Trustee and the respective officers, members, supervisors, directors, officials and employees, counsel, attorneys and agents, past present and future of each of them (collectively, the “Indemnified Parties”) against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, construction, installation, operation, use, occupancy, maintenance, financing or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), (b) any written statements or representations with respect to the Obligated Parties, the Project or the Bond made or given to the City or the Trustee, or any underwriters or purchaser of the Bond, or any tenants or applicants for tenancy in the Project or any other person, by the Obligated Parties, 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 or (d) the failure or alleged failure of any person or entity (including the Obligated Parties, their contractor or subcontractors) to pay the general prevailing rate of per diem wages as determined pursuant to Labor Code Sections 1770-1781 and

implementing regulations of the Department of Industrial Relations in connection with the construction of the improvements or any other work undertaken or in connection with the Project; or (e) any actual or alleged violation of any Hazardous Materials Law or with respect to the presence of Hazardous Materials on or under the Project or in any of improvements or on or under any property of an Obligated Party that is adjacent to the Project (whether before or after the date of this Agreement and whether or not such Obligated Party knew of the same); provided, however, that this provision shall not require the Obligated Parties to indemnify the Indemnified Parties from any claims, costs, fees, expenses or liabilities arising from its active negligence or willful misconduct or, in the case of the Trustee, its negligence, fraud or willful misconduct. The Obligated Parties also shall pay and discharge and shall indemnify and hold harmless the City and the Trustee, on a joint and several basis, from (i) any lien or charge upon payments by the Obligated Parties to the City and the Trustee hereunder or under the Bond Documents and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges are sought to be imposed, the City or the Trustee shall give prompt notice to the Obligated Parties and the Obligated Parties shall, as provided in the following paragraph, have the right to assume the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the City and the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Obligated Parties will, on a joint and several basis, pay upon demand all of the reasonable fees and expenses paid or incurred by the Trustee and/or the City in enforcing the provisions hereof against an Obligated Party. The Obligated Party making the request shall also pay the City its standard fees and reimburse the City for its expenses in connection with any consent, approval, amendment, waiver or other action taken at the request or for the benefit of the Obligated Party in connection with this Regulatory Agreement, the Bond or any other document or agreement relating thereto. In the event of any audit or inquiry regarding the Bond or the Project from any governmental entity, the Obligated Parties shall, at the election of the City, be responsible for responding to and resolving such audit or inquiry at the expense of the Obligated Parties.

Promptly after receipt by any party entitled to indemnification under this Section 9 of notice of the commencement of any suit, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any Indemnified Party otherwise than under this Section 9 or from any liability under this Section 9 unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any Indemnified Party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent that it may elect by written notice delivered to the Indemnified Party within five Business Days after receiving the aforesaid notice from such Indemnified Party (but shall not be required) to assume, the defense thereof, with counsel reasonably satisfactory to such Indemnified Party; provided, however, if the defendants in any such action include both the Indemnified Party and the indemnifying party and the Indemnified Party shall have reasonably concluded that there are legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the indemnifying party, the Indemnified Party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate

in the defense of such action on behalf of such Indemnified Party or parties. Upon the indemnifying party's receipt of notice from the Indemnified Party of such Indemnified Party's election so to assume the defense of such action and selection by the Indemnified Party of counsel, the indemnifying party shall not be liable to such Indemnified Party under this Section 9 for any attorneys' fees or expenses subsequently incurred by such Indemnified Party for the engagement of separate counsel in connection with defense thereof unless (i) the Indemnified Party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party or shall not have employed such counsel within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of separate counsel to represent the Indemnified Party at the expense of the indemnifying party. Notwithstanding the foregoing, the Trustee shall not be indemnified for income tax, franchise tax or similar tax liability relating to the Trustee's own income and operations.

**Section 10. Consideration.** The City has issued the Bond to provide funds to finance the Project, all for the purpose, among others, of inducing the Obligated Parties to acquire and construct the Project. In consideration of the issuance of the Bond by the City, the Obligated Parties have entered into this Regulatory Agreement and have agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

**Section 11. Reliance.** The City and the Obligated Parties hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bond and in the exemption from federal income taxation and California personal income taxation of the interest on the Bond. In performing their duties and obligations hereunder, the City and the Trustee may rely upon statements and certificates of the Low Income Tenants and Very Low Income Tenants and upon audits of the books and records of the Obligated Parties pertaining to the Project. In addition, the City and the Trustee may consult with counsel, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Obligated Parties 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 Obligated Parties and may rely solely on any written notice or certificate delivered to the Trustee by the Obligated Parties or the City with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

**Section 12. Project in the City.** The Borrower hereby represents and warrants that the Project will be located entirely within the City.

**Section 13. Sale or Transfer of the Project; Equity Interests.** Except as specifically provided herein with respect to transactions occurring on the Bifurcation Date, including the sublease, each Obligated Party hereby covenants and agrees as to itself not to voluntarily (which term shall not be interpreted to include a foreclosure of any security for the Loan, the granting by an Obligated Party of a deed-in-lieu of foreclosure, or any other comparable conversion of the Loan) sell, transfer or otherwise dispose of its portion of the Project, or any portion thereof (other

than for individual tenant use as contemplated hereunder), equity interests in an Obligated Party aggregating more than 50% of the equity interest in such Obligated Party, or any general partner interests in an Obligated Party, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld by the City and shall be given by the City if (a) such Obligated Party is not in default hereunder or under the Loan Agreement; (b) the purchaser or assignee is not in default under any obligations it may have to the City and is not the subject of any legal or enforcement actions by the City, and the purchaser or assignee certifies that the continued operation of the Project will comply with the provisions of this Regulatory Agreement; (c) evidence reasonably satisfactory to the City is presented to establish that the purchaser or assignee is willing to comply and capable of complying with the terms and conditions of this Regulatory Agreement; (d) either (i) evidence satisfactory to the City is presented to establish that the purchaser or assignee has at least three years' experience in the ownership, operation and management of rental housing projects, without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, (ii) the purchaser or assignee agrees to retain a property management firm which the City determines has the experience and record described in subclause (i) above, or (iii) the City determines that it has no reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements binding on such purchaser or assignee and relating to the Project; (e) the City and Trustee shall have received (i) with respect to any transfer of the Project, reasonable evidence satisfactory to the City that the applicable Obligated Party's purchaser or transferee has assumed in writing and in full, the applicable Obligated Party's duties and obligations under this Regulatory Agreement and the Loan Agreement, (ii) with respect to any transfer of the Project or a portion thereof to a new Obligated Party, an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the applicable Obligated Party under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) unless waived by the City, an opinion of Bond Counsel that such transfer will not adversely affect the Tax-exempt nature of the interest on the Bond, (iv) from the applicable Obligated Party, a Certificate of Continuing Program Compliance (and a "bring-down" certificate, if necessary) current as of the date of transfer and (v) evidence satisfactory to the City that the purchaser or assignee does not have pending against it, nor does it have a history of, building or fire code violations as identified by City, the State of California or federal regulatory agencies; (f) the purchaser or assignee complies with the provisions of the Los Angeles Administrative Code Section 10.8.4 Affirmative Action Program Provisions; (g) the Obligated Party or transferee pays all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 13; and (h) such other conditions are met as the City may reasonably impose to assure compliance by the Project with the requirements of this Regulatory Agreement. It is hereby expressly stipulated and agreed that, except for any such sale, transfer or disposition agreed to by the City in a separate writing, any sale, transfer or other disposition of the Project in violation of this Section 13 shall be null, void and without effect, shall cause a reversion of title to the applicable Obligated Party, and shall be ineffective to relieve the applicable Obligated Party of its obligations under this Regulatory Agreement. Upon any sale or other transfer which complies with this Regulatory Agreement, the applicable Obligated Party 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 applicable Obligated Party, shall be subject to the provisions of this Section 13.

Notwithstanding the foregoing, if the Trustee acquires title to the Project or a portion thereof by foreclosure or deed in lieu of foreclosure, no consent of the City shall be required to such transfer under this Regulatory Agreement and no other conditions shall be required to be satisfied. However, if the Trustee acquires title to the Project by foreclosure or deed in lieu of foreclosure and this Regulatory Agreement has not been terminated pursuant to Section 14 below, consent of the City and delivery of items (a) through (h) above shall be required for any transfer of the Project or a portion thereof subsequent to the Trustee's acquisition of the Project by foreclosure or deed in lieu of foreclosure.

Notwithstanding anything to the contrary contained herein, the respective interests of an Obligated Party's limited partners shall, with prior written notice to the City, be transferable under this Regulatory Agreement to any affiliate of the limited partners of such Obligated Party, without the consent of the City and/or Trustee but with prior written notice thereto.

The Obligated Parties acknowledge and recognize that in addition to the above requirements the consent of CDLAC, in the manner and to the extent as may at the time be required by CDLAC, among other parties, may be required in connection with any transfer of the Project.

Notwithstanding anything to the contrary herein, on the Bifurcation Date the Borrower may, upon compliance with the requirements of this paragraph, sublease its interest in the Affordable Portion of the Project to the Affordable Sublessee. Simultaneously with such sublease, this Regulatory Agreement shall be amended by the parties hereto to join the Affordable Sublessee as a party. The City, the Trustee and the Obligated Parties shall, at the expense of the Obligated Parties, execute and record such documents as are necessary and appropriate to facilitate such amendment. The transfer contemplated hereby shall be permitted pursuant to this paragraph only if conditions (a), (e)(i), (e)(iii), (e)(iv) and (g) in the first paragraph of this Section 13 are complied with.

**Section 14. Term.** This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 14 shall terminate in its entirety at the end of the Qualified Project Period (or such later date provided in Section 33 hereof pursuant to the CDLAC Resolution, which imposes restrictions for a term of at least 55 years), it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond, discharge of the Loan and termination of the Indenture and the Loan Agreement.

Notwithstanding the foregoing, the provisions of Section 9 hereof shall, in the case of the Trustee, survive the term of this Regulatory Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Regulatory Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the City, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement and all the requirements set forth herein (except Section 9 as aforesaid) shall terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the City or the Trustee from enforcing the provisions hereof, or (b) condemnation, foreclosure, delivery of a deed in lieu of foreclosure or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bond attributable to the affected portion of the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 6 of this Regulatory Agreement and provided that, in either case, an opinion of Bond Counsel (unless waived by the City) is delivered to the Trustee to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bond will not be adversely affected thereby. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, an Obligated Party or any related party (within the meaning of Section 1.150-1(b) of the Regulations) or related person (defined in Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. Each Obligated Party hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither such Obligated Party 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.** Each Obligated Party subjects its leasehold or subleasehold interest in the Project, as such interest may exist from time to time, to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Obligated Parties 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 Obligated Parties' successors in interest to the Project and each portion thereof; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. The City and, if necessary, the Trustee, agree to execute a quitclaim deed or other documents required to remove this Regulatory Agreement from title after the covenants, agreements and restrictions herein have expired. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any security instrument, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

**Section 16. Burden and Benefit; Subordination to Reciprocal Easement Agreement.**

The City and each Obligated Party hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Obligated Parties' legal leasehold or subleasehold interest in the Project is rendered less valuable thereby. The City and the Obligated Parties hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond 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.

The terms of this Agreement shall be subordinate to the terms of that Reciprocal Easement Agreement between [ ] and the Borrower and the tract map to be recorded on or prior to the Closing Date. The City, Trustee and the Borrower agree to execute and file, at the expense of the Borrower, such subordination agreement, in such form as approved by the City, as shall be necessary to evidence such subordination within 15 Business Days of the City's receipt of a written request for delivery of such subordination 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.

**Section 18. Default; Enforcement.** If an Obligated Party defaults in the performance or observance of any covenant, agreement or obligation of such Obligated Party set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the City to the Obligated Party, then the City shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) an Obligated Party institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-exempt status of interest on the Bond. The Trustee hereby consents to any correction of the default by the City on behalf of the Obligated Parties. The City hereby consents to any correction of a default on the part of the Obligated Parties hereunder made by any of the Obligated Parties' limited partners on behalf of the Obligated Parties within the time periods provided in this Section. Copies of any notices sent to the Obligated Parties hereunder shall simultaneously be sent to Obligated Parties' limited partners at the address set forth in Section 23.

Following the declaration of an Event of Default hereunder, the Trustee, as directed by the City and subject to the provisions of the Indenture relative to the Trustee's duty to exercise remedies generally, or the City may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the relevant Obligated Party to perform its obligations

and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City or the Trustee hereunder;

(b) have access to and inspect, examine and make copies of all or any portion of the books and records of the Obligated Parties 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 Obligated Parties hereunder.

During the Qualified Project Period, the Obligated Parties hereby grant to the City the option, upon either (a) the expiration of 60 days after the giving of the notice to the Obligated Parties referred to in the first paragraph of this Section 18 of the Obligated Parties' default under this Regulatory Agreement or (b) the vacancy of a Low Income Unit or Very Low Income Unit for more than six months and the submission by the City to the Obligated Parties during such six-month or longer period of at least five proposed tenants which meet the qualifications of Low Income Tenants or Very Low Income Tenants and the qualifications of a reasonable landlord, to lease up to 100% of the units in the Affordable Project for a rental of \$1.00 per unit per year for the sole purpose of subleasing such units to Low Income Tenants or Very Low Income Units 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 or Very Low Income Units. The option granted in the preceding sentence shall be effective only if the Obligated Parties or the Trustee has not instituted corrective action before the end of such 60-day period referenced in (a) above, or the Obligated Parties has not rented the unit during the six-month or longer period referenced in (b) above, to a qualified Low Income Tenant or Very Low Income Tenant. The option and any leases to the City under this provision shall terminate with respect to each default upon the achievement, by the Obligated Parties, the Trustee or the City, of compliance with the requirements of Section 2 through 7 hereof, and any subleases entered into pursuant to the City's option shall be deemed to be leases from the Obligated Parties. The City shall make diligent effort, but shall not be required, to rent Low Income Units and Very Low Income Units to Low Income Tenants and Very Low Income Tenants at the highest rents practicable, subject to the limits of Sections 5, 6 and 7 hereof. Any rental paid under any such sublease shall be paid to the Affordable Sublessee after the City has been reimbursed for any reasonable expenses incurred in connection with such sublease, provided that, if the Borrower is in default under the Loan Agreement, such rental shall be paid to the Trustee for credit against payments due under the Loan Agreement. The Trustee shall have the right, as directed by the City, in accordance with this Section 18 and the provisions of the Indenture, to exercise any or all of the rights or remedies of the City hereunder, provided that prior to taking any such action the Trustee shall give the City written notice of its intended action. All reasonable fees, costs and expenses of the City and the Trustee incurred in taking any action pursuant to this Section 18 shall be the sole responsibility of the relevant Obligated Party.

After the Indenture has been discharged, the City may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.



The obligations of the Obligated Parties 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 Obligated Parties hereby agree that specific enforcement of the Obligated Parties' agreements contained herein is the only means by which the City may obtain the benefits of such agreements made by the Obligated Parties herein and the Obligated Parties therefore agree to the imposition of the remedy of specific performance against it in the case of any default by an Obligated Party hereunder.

The occurrence of a Determination of Taxability shall not, in and of itself, constitute a default hereunder.

**Section 19. The Trustee.** The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Regulatory Agreement solely in its capacity as trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

The City shall be responsible for the monitoring and verifying of compliance by the Obligated Parties with the terms of this Regulatory Agreement. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by the City, or unless it has actual knowledge of noncompliance.

After the date on which no principal of the Bond remains outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the City.

**Section 20. Recording and Filing.** The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of Los Angeles and in such other places as the City or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower, as grantor and the City, as grantee.

**Section 21. Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of California. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

**Section 22. Amendments.** Except as provided in Section 33(e), this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title and duly recorded in the real property records of the County of Los Angeles, California, and only upon receipt by the City of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bond and is not contrary to the provisions of the Law or the Act and with the written consent of the Trustee.

The City, the Trustee and the Obligated Parties hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel (subject to the approval of the City Attorney of the City), in order that interest on the Bond remains Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Regulatory Agreement of



If to CDLAC: California Debt Limit Allocation Committee  
Room 311  
915 Capitol Mall  
Sacramento, CA 95814  
Attention: Executive Director

Notice shall be deemed given three Business Days after the date of mailing.

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided shall not constitute a default hereunder. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

**Section 24. Severability.** If any provision of this Regulatory Agreement or if the applicability of any such provision shall be invalid, illegal or unenforceable, the validity, legality, enforceability, or the applicability with respect to the validity, legality and enforceability, of the remaining portions hereof shall not in any way be affected or impaired thereby.

**Section 25. Multiple Counterparts.** This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

**Section 26. Nondiscrimination and Affirmative Action.** The Trustee and the Obligated Parties shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Los Angeles. The Trustee and the Obligated Parties shall not discriminate in their employment practices against any employee or applicant for employment; denial of family and medical care leave; denial of pregnancy disability leave or reasonable accommodations against any employee or applicant for employment because of such person's race, ancestry, color, citizenship, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, familial status, domestic partner status, physical handicap, mental disability, medical condition, political affiliation or belief. The Trustee and each Obligated Party 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 each Obligated Party 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 each Obligated Party 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. Each Obligated Party and Trustee shall also comply with all rules, regulations, and policies of the City of Los Angeles' Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by the City. Any subcontract entered into by an

Obligated Party 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, each of the Trustee and each Obligated Party represents that it will obtain and hold the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Section 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Regulatory Agreement, the Trustee and the Obligated Parties 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 Obligated Parties.** The City acknowledges that the Project shall be encumbered by the Bond Documents. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Obligated Parties under this Regulatory Agreement for the payment of money and all claims for damages against such Obligated Parties occasioned by breach or alleged breach by an Obligated Party 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 Obligated Party(ies) as provided in Section 18 of this Regulatory Agreement, except that the City shall have the right at all times to enforce the rights contained in the third paragraph of Section 18 hereof. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Obligated Parties under this Regulatory Agreement on the part of any prior Obligated Party, including, but not limited to, any payment or indemnification obligation. Such obligations are personal to the Person who was an Obligated Party 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 an Obligated Party. The Borrower shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership.

**Section 29. [Reserved].**

**Section 30. Child Support Assignment Orders.** This Regulatory Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, each Obligated Party 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 relevant Obligated Party 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 Obligated Parties 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 Obligated Parties 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 Obligated Parties or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (i) such Obligated Party to the remedies provided herein and (ii) the Trustee to termination under the Indenture where, in either case, such failure shall continue for more than 90 days after notice of such failure to the Obligated Parties or the Trustee by the City. Any subcontract entered into by an Obligated Party 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 Obligated Parties or the Trustee to obtain compliance of its subcontractors shall constitute a default by such Obligated Party or the Trustee, as appropriate, under the terms of this Regulatory Agreement, subjecting (A) such Obligated Party 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 Obligated Parties or the Trustee by the City.

Each Obligated Party and the Trustee shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. The Obligated Parties 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.** Each Obligated Party and the Trustee each hereby certifies that it and any contractor and subcontractor will comply with the Accessibility Requirements (as defined in Exhibit I). The Obligated Parties and any contractor and subcontractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAG, Section 504, the UFAS, the FHA (each as defined in Exhibit I) and all subsequent amendments. The Obligated Parties, the Trustee and each and any contractor and subcontractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Obligated Parties or the Trustee, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph. The Obligated Parties hereby agree to observe all of the covenants contained in Exhibit I to this Regulatory Agreement as if contained herein.

**Section 32. Slavery Disclosure Ordinance.** This Regulatory Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as it may be amended from time to time. Each Obligated Party hereby agrees to execute and deliver a certificate in the form attached hereto as Exhibit H (or such other form as is required by the City) certifying that it has complied with the applicable provisions of this Ordinance. Each Obligated

Party acknowledges that failure to fully and accurately complete the affidavit may result in a default under this Regulatory Agreement.

**Section 33. Requirements of CDLAC.** In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, each Obligated Party hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 33, as follows:

(a) Each Obligated Party shall comply with the conditions set forth in Exhibit A to the CDLAC Resolution (the “CDLAC Conditions”), as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof and is attached hereto as Exhibit G. Notwithstanding anything to the contrary herein, the provisions of this Section 33 shall remain effective for the period specified in the CDLAC Conditions, unless this Regulatory Agreement shall terminate as otherwise provided in Section 14 hereof.

(b) Each Obligated Party acknowledges that the City shall monitor such Obligated Party’s compliance with the terms of the CDLAC Conditions. Each Obligated Party will cooperate fully with the City in connection with such monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions are the responsibility of each Obligated Party to report to the City.

(i) The Obligated Parties shall prepare and deliver a Certificate of CDLAC Program Compliance pursuant to the terms of the CDLAC Conditions. The Obligated Parties acknowledges that such Obligated Party will prepare and submit to the City, not later than January 15 of each year, and the City will submit to CDLAC, not later than March 1 of each year, until the Obligated Parties have submitted to the City and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the term of the CDLAC Conditions, a Certificate of CDLAC Program Compliance, executed by an Authorized Borrower Representative.

(ii) The Obligated Parties shall prepare and deliver a Self-Certification Certificate pursuant to the terms of the CDLAC Conditions. The Obligated Parties acknowledges that the Obligated Parties will prepare and submit to the City, not later than January 15 of each year, and the City will submit to CDLAC, not later than March 1 of each year, until the Obligated Parties have submitted to the City and CDLAC a Construction Completion Certificate, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the term of the CDLAC Conditions, a Self-Certification Certificate in the form provided by CDLAC.

(iii) Within 30 days following the completion of the Project, the Obligated Parties will prepare and submit to the City, Trustee and CDLAC, a Construction Completion Certificate. Following the submission of the Construction Completion Certificate, the Obligated Parties will prepare and submit to the City, not later than January 15 every three years thereafter until the end of the Compliance Period, a California Tax Credit Allocation Committee Project Status Report or equivalent documentation in substantially the form required or otherwise provided by CDLAC from time to time.

(c) Except as otherwise provided in Section 14 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or such later date as the Qualified Project Period shall begin, as required by the CDLAC Conditions.

(d) The Obligated Parties shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the issuer of the Bond, (iii) any change in the name of the Project or the Project manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement; or (v) termination of this Regulatory Agreement.

(e) Any of the foregoing requirements of the CDLAC contained in this Section 33 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 33 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City has received an opinion of Bond Counsel that any such provision is not required by the Code, the Act and the Law and may be waived without adversely affecting the exclusion from gross income of interest on the Bond for federal income tax purposes; and (ii) any requirement of this Section 33 shall be void and of no force and effect if the City and the Obligated Parties receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond to cease to be Tax-exempt or to the effect that compliance with such requirement would be in conflict with the Code, the Act, the Law or any other state or federal law.

(f) CDLAC is intended to be and is a third party beneficiary of this Regulatory Agreement, and CDLAC shall have the right (but not the obligation) to enforce, separately or jointly with the City and/or the Trustee or to cause the City or the Trustee to enforce, the provisions of Section 33 of this Regulatory Agreement and to pursue an action for specific performance of such provisions or other available remedy at law or in equity in accordance with Section 18 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholder and shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

(g) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Obligated Parties after the Closing Date at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with

the prior written consent of the Bondholder, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of Los Angeles County, California, of a regulatory agreement between the Obligated Parties and the California Tax Credit Allocation Committee (“TCAC Regulatory Agreement”) shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Obligated Parties or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 20, 27, 39 or 40 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by the Obligated Parties and approved by CDLAC. The City may, in its sole and absolute discretion, require the Obligated Parties to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County of Los Angeles. The Obligated Parties shall, jointly and severally, pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

[Remainder of page intentionally left blank]



IN WITNESS WHEREOF, the City, the Trustee and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**CITY OF LOS ANGELES**, as City

By Los Angeles Housing and Community  
Investment Department

By \_\_\_\_\_  
Sean L. Spear  
Authorized Officer

Approved as to form:

CITY OF LOS ANGELES  
MICHAEL N. FEUER, City Attorney

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

[Signature Page to *Parcel Q* Regulatory Agreement]

[TRUSTEE], as Trustee

By \_\_\_\_\_  
Name: [\_\_\_\_\_]   
Title: Vice President

[Signature Page to *Parcel Q* Regulatory Agreement]

**CORE/RELATED GALA RENTALS, LP**, a  
California limited partnership, as Borrower

By: CORE/Related Grand Ave Holdings, LLC, a  
Delaware limited liability company, its General  
Partner

By: CORE/Related Grand Ave JV, LLC, a  
Delaware limited liability company and its  
sole member

By: Related Grand Avenue LLC, a  
Delaware limited liability company  
and its managing member

By: \_\_\_\_\_  
Name: Michael J. Brenner  
Title: Executive Vice President

[Signature Page to *Parcel Q* 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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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]

**EXHIBIT A-1**

**DESCRIPTION OF AFFORDABLE 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]

Assessor's Parcel Number: [\_\_\_\_\_]



**EXHIBIT A-2**

**DESCRIPTION OF MARKET 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]

Assessor's Parcel Number: [\_\_\_\_\_]

## EXHIBIT B

### FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

FOR THE [MONTH/QUARTER] ENDING \_\_\_\_\_

City of Los Angeles  
Multifamily Mortgage Revenue Bond  
(Grand Avenue Parcel Q Apartments)  
Series 2018F

The undersigned, being the Authorized Borrower Representative of \_\_\_\_\_ (an "Obligated Party"), has read and is thoroughly familiar with the provisions of the various loan documents associated with the Obligated Party's participation in the multifamily housing program of the City of Los Angeles (the "City"), including, without limitation, the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of [October 1,] 2018 (the "Regulatory Agreement"), among CORE/Related GALA Rentals, LP (the "Borrower"), the City and [TRUSTEE], as Trustee relative to the property located at 100 South Grand Avenue.

As of the date of this Certificate, the following percentages of completed residential units in the Affordable Project (i) are occupied by Low Income Tenants and Very Low Income Tenants (as each 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 or Very 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 Low Income Units: \_\_\_\_\_ %

Occupied by Very Low Income Tenants: \_\_\_\_\_ %  
Unit Nos. \_\_\_\_\_ and  
size

Held vacant for occupancy continuously since last occupied by Low Income Tenant: \_\_\_\_\_ %  
Unit Nos. \_\_\_\_\_ and  
size

Vacant Very Low Income Units: \_\_\_\_\_%

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. It also indicates which units are occupied by Low Income Tenants and Very Low Income Tenants and which units became Low Income Units and Very Low Income Units during the preceding [month/quarter]. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Obligated Party 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, neither the Obligated Party nor the Borrower, as applicable, 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 Obligated Party, 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].

\_\_\_\_\_,  
a California limited partnership

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

[Signature Page to *Grand Avenue Parcel Q* Certificate of Program Compliance]

## EXHIBIT C

### FORM OF INCOME CERTIFICATION

*NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 C.F.R. Part 5 Subpart F). You should make certain that this form is at all times up to date with the HUD Regulations.*

Re: Grand Avenue Parcel Q Apartments, 100 South Grand Avenue, Los Angeles, California

The undersigned hereby (certify) (certifies) that:

1. This Income Certification is being delivered in connection with the undersigned's application for occupancy of Apartment #\_\_\_\_\_ in the Grand Avenue Parcel Q Apartments located at 100 South Grand Avenue, in Los Angeles, California.

2. List all the occupants of the apartment, the relationship (if any) of the various occupants, their ages, and indicate whether they are students (for this purpose, a student is any individual who has been, or will be, a full-time student at an educational institution during five months (whether consecutive or not) of the year in which this application is submitted, other than a correspondence school, with regular facilities and students).

	Occupant	Relationship	Age	Student (Yes or No)	Social Security Number
(a)	_____	_____	_____	_____	_____
(b)	_____	_____	_____	_____	_____
(c)	_____	_____	_____	_____	_____
(d)	_____	_____	_____	_____	_____
(e)	_____	_____	_____	_____	_____
(f)	_____	_____	_____	_____	_____

3. If all of the occupants are students, answer the following questions for each occupant

(a) Is any student listed in paragraph 2 above married and files a joint return for federal income tax purposes? List any such students.

Name(s) No Not Applicable

(b) Is any student listed in paragraph 2 above (i) a single parent living with his/her children, (ii) not a dependent of another individual and (iii) whose children are not dependents of an individual other than their parents? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(c) Is any student listed in paragraph 2 above a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(d) Is any student listed in paragraph 2 above a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar Federal, State or local laws? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

(e) Is any student listed in paragraph 2 a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act)? List any such students.

Yes	Name(s)	No	Not Applicable
-----	---------	----	----------------

4. The total anticipated income for each person listed in paragraph 2 above during the 12-month period commencing with the date occupancy will begin including:

full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);

lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973; is as follows:

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

5.(a) Do the persons whose income or contributions are included in Item 4 above have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the

values of necessary items of personal property such as furniture and automobiles and interest in Indian trust land)?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(b) Have the persons whose income or contributions are included in Item 4 above disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

\_\_\_\_\_ Yes \_\_\_\_\_ No

(d) If the answer to (c) above is yes,

(i) insert the total value of all such assets owned or disposed of  
\$ \_\_\_\_\_; and

(ii) state:

(A) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent:

\$ \_\_\_\_\_

(B) the amount of such income, if any, that was included in Item 4 above:

\$ \_\_\_\_\_

6. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter, the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member and ownership, direct or indirect, by a partner of the individual.

7. This Income Certification is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in

paragraph 4 is reasonable and based upon such investigation as the undersigned deemed necessary.

8. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made therein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

9. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement (whether or not intentional) in this Income Certification will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent my/our occupancy of the unit and will be cause for immediate termination of such lease.

10. The undersigned hereby acknowledge and agree that on or before January 1 (or upon Lease renewal) of each year the undersigned and any other current residents of such apartment will complete and deliver a new Income Certification, in the form then in use, to the Borrower and that the undersigned's rent is subject to increase 30 days after written notice is given to the undersigned stating that the undersigned no longer qualifies as a Lower Income Tenant under the Tax Regulatory Agreement.

11. RESIDENT(S) STATEMENT: I/We certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury. In the event this Income Certification is executed more than five days prior to the date I/we intend to occupy the unit, I/we hereby agree to update and recertify the accuracy of the information herein provided as of the date I/we first occupy the unit:

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

*[The signatures of all persons over the age of 18 years listed in Number 2 above are required]*

12. Calculation of Eligible Income:

- (a) Enter the amount entered for entire household in 4 above: \$ \_\_\_\_\_
- (b) Enter income derived from assets (line 5(d)(2)(A)): \$ \_\_\_\_\_
- (c) Subtract (b) from (a) \$ \_\_\_\_\_



- (d) Multiply the amount entered in 5(d)(1) by the current passbook savings rate to determine the total annual earnings on assets [5(d)(1)] if invested in passbook savings.

Passbook rate \_\_\_\_\_ % X \_\_\_\_\_ = \$ \_\_\_\_\_

- (e) Enter the greater of (b) or (d) \$ \_\_\_\_\_

- (f) TOTAL ELIGIBLE INCOME (Line (e) + (c)) \$ \_\_\_\_\_

13. The amount entered in 12(f):

(a) \_\_\_\_\_ Qualifies the applicant(s) as a Lower Income Tenant(s).

(b) \_\_\_\_\_ Does not qualify the applicant(s) as Lower Income Tenant(s).

14. Number of apartment unit assigned: \_\_\_\_\_

Bedroom size: \_\_\_\_\_ Rent: \$ \_\_\_\_\_

Tenant-paid Utilities:

Water \_\_\_\_\_ Gas \_\_\_\_\_ Electric \_\_\_\_\_

Trash \_\_\_\_\_ Other (list type) \_\_\_\_\_

15. Was this apartment unit last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Lower Income Tenants?

\_\_\_\_\_ Yes \_\_\_\_\_ No

16. Method used to verify applicant(s) income:

\_\_\_\_\_ Employer income verification

\_\_\_\_\_ Social Security Administration verification

\_\_\_\_\_ Department of Social Services verification

\_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other ( \_\_\_\_\_ )

17. Method used to verify responses, if any, in paragraph 3 of this Income Certification:

\_\_\_\_\_ Copies of Tax Returns

\_\_\_\_\_ Evidence of participation in an enumerated program

18. BORROWER'S STATEMENT: Based on the representations herein and upon the proofs and documentation submitted pursuant to paragraph 8 hereof, the family or individual(s) named in paragraph 2 of this Income Certification is/are eligible under the provisions of the Regulatory Agreement and Declaration of Restrictive Covenants to live in a unit in the Project.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative:

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

#### EXECUTION OF ITEMS 19 AND 20

\_\_\_\_\_ IS \_\_\_\_\_ IS NOT NECESSARY.

Initials: \_\_\_\_\_.

19. If this Income Certification was executed by me/us more than five days prior to my/our occupancy of the unit, I/we hereby update and recertify the accuracy of the information herein provided as of \_\_\_\_\_, 20\_\_\_\_ and state:

\_\_\_\_\_ (a) No additional information is required to be provided to make this Income Certification true and correct on the date of this certification.

\_\_\_\_\_ (b) The following information is provided to update the information previously provided in the Income Certification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Remainder of Page Intentionally Left Blank]

- (a) \_\_\_\_\_ Date: \_\_\_\_\_
- (b) \_\_\_\_\_ Date: \_\_\_\_\_
- (c) \_\_\_\_\_ Date: \_\_\_\_\_
- (d) \_\_\_\_\_ Date: \_\_\_\_\_
- (e) \_\_\_\_\_ Date: \_\_\_\_\_
- (f) \_\_\_\_\_ Date: \_\_\_\_\_

20. **BORROWER'S STATEMENT:** The family or individual(s) named in paragraph 2 of this Income Certification have, pursuant to paragraph 19 hereof, updated and recertified the information heretofore provided as specifically set forth in paragraph 19 hereof.

Date \_\_\_\_\_

Signature of Authorized Borrower  
Representative

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

[Remainder of Page Intentionally Left Blank]

**INCOME VERIFICATION**  
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed by the issuance of a bond by the City of Los Angeles for persons of low or moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages \_\_\_\_\_

Overtime \_\_\_\_\_

Bonuses \_\_\_\_\_

Commissions \_\_\_\_\_

Total Current Income \_\_\_\_\_

I hereby certify that the statements above are true and complete to the best of my knowledge.

\_\_\_\_\_  
Date

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

I hereby grant you permission to disclose my income to \_\_\_\_\_,  
in order that they may determine my income eligibility for rental of an apartment located in their  
project which has been financed by issuance of a bond by the City of Los Angeles.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Please send form to: \_\_\_\_\_

[Income Verification Signature Page]

**INCOME VERIFICATION**  
(for self-employed persons)

I hereby attach copies of my individual federal and state (if applicable) income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Date \_\_\_\_\_

Signature \_\_\_\_\_

## EXHIBIT D

### FORM OF ANNUAL TENANT INCOME RECERTIFICATION

#### CITY OF LOS ANGELES ANNUAL TENANT INCOME RECERTIFICATION

Project name \_\_\_\_\_

Apartment # \_\_\_\_\_ Date of Original Certification \_\_\_\_\_

Resident name \_\_\_\_\_

**TO THE RESIDENT:**

*This form is a continuation of the City of Los Angeles (the "City") Affordable Housing Program (the "Program") which was previously discussed with you. In order to keep you on the qualifying list, you will need to update the following information each year when you renew your lease. The Borrower is required by the Internal Revenue Code of 1986 and the City to maintain this information in order to maintain the Program.*

**Household Composition:**

- 1) Please list all of those individuals residing in your apartment.
- 2) Please list the anticipated annual income of all occupants of your household who are 18 years of age or older (if housemaker, or unemployed, etc.—please list as such).
- 3) If college or technical school student, please list if full-time or part-time student.

	NAME	SS#	AGE	ANTICIPATED ANNUAL INCOME*	OCCUPATION/STUDENT
1)					
2)					
3)					
4)					
5)					
6)					
7)					

\*SEE INCOME DEFINITION ATTACHED TO THIS FORM.

DO YOU OWN OR HAVE YOU ACQUIRED OR HAVE YOU DISPOSED OF ANY ASSETS OVER \$5,000.00 IN THE PAST YEAR? \_\_\_\_\_

If so, please describe and list amount and annual income expected to be derived from such assets. \_\_\_\_\_

If all persons residing in your apartment are full-time students, please indicate for each such person whether they are: (1) a single parent living with his/her children; (2) a student receiving assistance under Title IV of the Social Security Act (Temporary Assistance for Needy Families); (3) a student enrolled in a job-training program receiving assistance under the Job Training Partnership Act or under other similar federal, state or local laws; (4) a student who was previously under the care and placement responsibility of a foster care program (under part B or E of Title IV of the Social Security Act); or (5) a student who is married and files a joint return. Single parents described in (1) above may not be dependents of another individual and their children may not be dependents of another individual other than their parents.

**Please have all occupants over the age of 18 sign this certification.**

I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

SIGNATURES:

DATE:

- |          |       |
|----------|-------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

MANAGER'S SIGNATURE:

\_\_\_\_\_

#### **DEFINITION OF INCOME**

The full amount, before any payroll deductions, of wages, salaries, overtime, commissions, fees, tips, and bonuses; net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets); interest and dividends (including income from assets excluded below); the full amount of periodic payments from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic payments including any lump sum payment for the delayed start of a periodic payment; payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay; all public assistance income; periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular and special pay and allowances of members of the Armed Forces (whether or not living in the dwelling) who are the head of the family or spouse; and any earned income tax credit to the extent that it exceeds income tax liability;

but excluding:

income from employment of children (including foster children) under the age of 18 years; payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or



property losses; amounts which are specifically for reimbursement of medical expenses; amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; amounts received under training programs funded by HUD; amounts received under Plan to Attain Self-Sufficiency; amounts for out-of-pocket expenditures incurred in connection with other public assistance programs; resident service stipend (not in excess of \$200 per month); amounts from state or local employment training programs; temporary, nonrecurring or sporadic income (including gifts); reparation payments paid by a foreign government to persons who were persecuted during the Nazi era; earnings in excess of \$480 for each full-time student 18 years old or older (excluding head of family and spouse); adoption assistance payments in excess of \$480 per adopted child; deferred periodic payments of supplemental social security income and benefits received in a lump sum; refunds or rebates of property taxes paid on the unit; payments from state agency to allow developmentally disabled family member to stay home; relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charges for the allotments; and payments to volunteers under the Domestic Volunteer Service Act of 1973.

## EXHIBIT E

### FORM OF CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Project Name Change: No \_\_\_\_\_ Yes \_\_\_\_\_

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

If yes provide old and new Project Name:

CDLAC Application No.: 18-370

Bond Issuer Change: No \_\_\_\_\_ Yes \_\_\_\_\_

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

If yes provide the Name of existing and New Issuer \_\_\_\_\_

Contact Information \_\_\_\_\_

Change in Borrower No \_\_\_\_\_ Yes \_\_\_\_\_

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

If yes provide the Name of the existing and New Borrower \_\_\_\_\_

Contact Information \_\_\_\_\_

Change in Management Company No \_\_\_\_\_ Yes \_\_\_\_\_

If yes provide the Name of the New Management Company \_\_\_\_\_

Has the Qualified Project Period commenced? No \_\_\_\_\_ Yes \_\_\_\_\_

No \_\_\_\_\_ Yes \_\_\_\_\_ Already Submitted Certification \_\_\_\_\_

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

Has the project been completed and placed in service?

No \_\_\_\_\_ Yes \_\_\_\_\_ Already Submitted Certification \_\_\_\_\_

If yes please submit Completion Certification (one time only)

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

No \_\_\_\_\_ Yes \_\_\_\_\_

If so, please describe and explain?

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

No \_\_\_\_\_ Yes \_\_\_\_\_

If so, please describe and explain?

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

\_\_\_\_ at 50% AMI      \_\_\_\_ at 50% AMI      \_\_\_\_ at 50% AMI

\_\_\_\_ at 60% AMI      \_\_\_\_ at 60% AMI      \_\_\_\_ at 60% AMI

Total \_\_\_\_\_ Total \_\_\_\_\_ Total \_\_\_\_\_

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

Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type      # of Units in PSR      # of Units in CDLAC Resolution

1 bedroom      \_\_\_\_\_      \_\_\_\_\_

2 bedroom      \_\_\_\_\_      \_\_\_\_\_

3 bedroom      \_\_\_\_\_      \_\_\_\_\_

If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

\_\_\_\_ After-school Programs

\_\_\_\_ Educational, health and wellness, or skill building classes

\_\_\_\_ Health and Wellness services and programs (not group classes)

\_\_\_\_ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)

\_\_\_\_ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No \_\_\_\_\_ Yes \_\_\_\_\_ If no please explain.

Are all hour requirements being met?

No \_\_\_\_\_ Yes \_\_\_\_\_ If no please explain.

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolution No. 18-063 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on July 18, 2018, I, [\_\_\_\_], an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certificate, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bond is issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Date \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

## EXHIBIT F

### FORM OF CONSTRUCTION COMPLETION CERTIFICATE

1. Project Name: Grand Avenue Parcel Q Apartments  
*(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)*

Original: \_\_\_\_\_

2. CDLAC Application No.: 18-370

3. Name of Bond Issuer: City of Los Angeles

4. Name of Borrower: \_\_\_\_\_  
*(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)*

Original: \_\_\_\_\_

5. The undersigned hereby certifies that all work on the Project was substantially completed as of \_\_\_\_\_, 20\_\_\_\_.

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$ \_\_\_\_\_

(b) all amounts disbursed from proceeds of the Bond have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed from the proceeds of the Bond have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 95 percent of the amounts disbursed from the proceeds of the Bond have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25% of the amounts disbursed from the proceeds of the Bond, exclusive of amounts applied to pay the costs of issuing the Bond, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6. The Undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.

No \_\_\_\_\_ Yes \_\_\_\_\_

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_\_\_ and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_\_\_.

7. If no to #6, the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.

No \_\_\_\_\_ Yes \_\_\_\_\_

*(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)*

(a) Bond was issued on \_\_\_\_\_, 20\_\_\_\_.

(b) Property was acquired on \_\_\_\_\_, 20\_\_\_\_.

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

\_\_\_\_\_  
Phone Number

**EXHIBIT G**  
**CDLAC RESOLUTION**



**EXHIBIT H**

**FORM OF SLAVERY DISCLOSURE ORDINANCE CERTIFICATE**

## **EXHIBIT I**

### **ADA COVENANTS**

#### **Section 1. Definitions.**

“Accessibility Requirements” refers to the accessibility requirements that must be followed in the design, construction or alteration of the Project or an individual housing unit of the Project (including common use elements), based on all the applicable laws and regulations, including: (1) all applicable building codes in effect for the City of Los Angeles Building and Safety Department, including state law; (2) Title II of the Americans with Disabilities Act (“ADA”), 42 U.S.C. §12101, et seq. and the implementing standards (“2010 ADA Standards”) at 28 C.F.R. Part 35 and the 2004 ADA Accessibility Guidelines (“ADAAG”); (3) Section 504 of the Rehabilitation Act of 1973 (“Section 504”), 29 U.S.C. §794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of UFAS; and (4) the Fair Housing Act of 1968, as amended (“FHA”), 42 U.S.C. §§3601-3619; and its implementing regulations as 24 C.F.R. Parts 100, 103, 108, 110, and 121.

“Accessible” means, when used with respect to a Housing Unit or Housing Development, full compliance with the Accessibility Requirements.

“Accessible Housing Development” means a Housing Development that is Accessible, including Accessible public and common use areas.

“Accessible Housing Units” means collectively Housing Units that are on an Accessible Route, are Accessible, and are located in an Accessible Housing Development. The term Accessible Units refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features.

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

“HCIDLA” means the Housing and Community Investment Department of the City of Los Angeles and its successors and assigns.

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

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

“Housing Unit with Hearing/Vision Features” means a Housing Unit that complies with 24 C.F.R. §8.22 and the applicable UFAS or 2010 ADA Standards.

“Housing Unit with Mobility Features” means a Housing Unit that complies with 24 C.F.R. §8.22 and the applicable UFAS or 2010 ADA Standards.

“UFAS” means the Uniform Federal Accessibility Standards for the design, construction or alteration of buildings and facilities to ensure that they are readily accessible to and usable by individuals with disabilities, 24 C.F.R §40, Appendix A.

All terms used herein and not otherwise defined shall have the meanings set forth in the Regulatory Agreement.

**Section 2. Requirements of the City.** The Obligated Parties represent, warrant, covenant and agree as follows:

(a) Accessible Housing Units. The Housing Development shall be constructed in accordance with the 2010 ADA Standards to ensure accessibility for persons with disabilities. Accessibility retrofit of the development shall take place concurrently with Project construction. The following types of Accessible Housing Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the unit.

(i) At least ten percent (10%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Obligated Parties as Housing Units with Mobility Features.

(ii) At least four percent (4%) of the total Housing Units in the Housing Development shall be constructed and maintained by the Obligated Parties as Housing Units with Hearing/Vision Features.

(iii) In determining the number of units any fractions of units shall be rounded up to the next whole number.

(iv) The Accessible Housing Units shall, to the maximum extent feasible, be geographically distributed and dispersed in terms of location within the Housing Development, and shall be provided in a range of unit sizes and types.

(v) The Project shall comply with HCIDLA Accessibility Regulations Matrix & Overview, Accessible Design/Construction Compliance Requirements and Accessibility Report Requirements.

(vi) Following reasonable notice to the Obligated Parties, the Obligated Parties shall allow the City to conduct annual on-site inspections of the Housing Development and the Housing Units in order to verify compliance with the Accessibility Standards.

(b) The Housing Development as a whole and all Housing Units shall meet the requirements of the FHA as defined above.

**Section 3. Occupancy of Accessible Units.** The Obligated Parties shall use suitable means to assure that information regarding the availability of Accessible Units reaches eligible individuals with disabilities, and will take reasonable, nondiscriminatory steps to maximize the utilization of such units by eligible individuals whose disability requires the accessibility features of the particular unit. To this end, the Obligated Parties will take the following steps when an Accessible Unit becomes vacant:

(a) First, the Obligated Parties will offer the unit to a current occupant of the Housing Development who has requested and needs the features of an Accessible Unit;

(b) Second, the Obligated Parties will offer the unit to a current occupant of a Housing Development under common control who has requested and needs the features of an Accessible Unit;

(c) Third, the Obligated Parties will offer the unit to an eligible, qualified applicant on the accessible waiting list who needs the features of an Accessible Unit;

(d) Fourth, the Obligated Parties will make reasonable efforts to advertise the unit to qualified individuals who need the accessible features, including listing it as available to individuals who need the accessible features at <http://www.Housing.LACity.org>, distributing the information about the accessible vacancy in accord with the Obligated Parties' City approved Property Management Plan, distributing it to the most recent list from HCID of organizations that serve people with disabilities, and sending an e-blast to parties on the Housing.LACity.org website Outreach List.

In the event that more than one household has requested an Accessible Unit, the Obligated Parties will offer the Unit to households in order on the Waiting Lists within each category.

If, after using the process identified above, there are no households who need the features of that Accessible Unit, then the Obligated Parties will offer the unit to the next household on the conventional unit waiting list. Should that household choose not to occupy the Accessible Unit, they will remain at the same position on the conventional waiting list. If the household chooses to occupy the Accessible Unit, the tenant must sign a Lease Addendum in the form approved by HCIDLA. The Lease Addendum requires the household to move to the next available, comparable, conventional unit, when given legal notice by the Housing Development that there is an eligible applicant or existing resident with a disability who requires the accessibility features of that Unit.

For individuals who are required to vacate an Accessible Unit because it is needed by an individual with a disability, the Obligated Parties will pay the costs of transferring to a comparable conventional unit, including new utility deposit(s), if required, and reasonable moving expenses.

**Section 4. Rental Policies.** The Obligated Parties shall adopt rental policies that meet the requirements of the ADA, other federal regulations as applicable, and the Fair Housing Policy in Regard to Disability of the City, as amended. To that end, the Obligated Parties shall

adopt the HUD approved rental occupancy policies provided by the City. The Obligated Parties shall develop and utilize a PMP approved by the City which describes affirmative marketing, tenancing, and other procedures to ensure that the Housing Development meets all of the fair housing requirements for individuals with disabilities. Within 90 days of bond issuance, the Housing Development must have an approved PMP.

Rental applications will include a section to be filled out by applicants requesting an accommodation. Applicants will not be required to disclose a disability under any circumstances unless requesting reasonable accommodation or modification and that disclosure shall be limited to only what is necessary to establish the need for the requested accommodation or modification. Outreach efforts to the disability community shall include, but not limited to, notices and other communications describing the availability of such units, specific information regarding the features of accessible units, eligibility criteria, and application procedures. These, and additional procedures, are incorporated into the HCIDLA Fair Housing Policy in Regard to Disability, dated July 28, 2014, as amended over time.

**Section 5. Residential Rental Property.** The Obligated Parties hereby represent, covenant, warrant and agree as follows:

(a) All of the dwelling units in the Project will be similarly constructed units, and each income restricted unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range and oven, a sink and a refrigerator. Each of the Accessible Housing Units shall also comply with these requirements. Notwithstanding the foregoing, a unit shall not fail to be treated as a residential unit merely because such unit is a single-room occupancy unit within the meaning of Section 42(i)(3)(B)(iv) of the Code even though such housing may provide eating, cooking and sanitation facilities on a shared basis.

(b) All of the dwelling units (which shall not include any manager units) will be available for rental on a continuous basis to members of the general public, and the Obligated Parties will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that for the following: (1) any dwelling units are required to be leased or rented to low income tenants; (2) the requirements of any regulatory agreement executed between the Obligated Parties and HUD or between the Obligated Parties and a subordinate lender (including the City); (3) the requirements of any Section 8 Housing Assistance Payments Contract with respect to the Project; (4) any preference the Obligated Parties give to a class of persons permitted to be given preference pursuant to the Code, State law and other applicable federal law; and (5) Accessible Housing Units shall be made available to persons with disabilities as provided herein.

**Section 6. Monitoring Requirements.** HCIDLA will monitor the initial production and ongoing occupancy of the Accessible Housing Units and the Accessible Housing Development by applying the updated ADAAG to ensure full compliance with the Accessibility Requirements. In order to determine compliance with the Accessibility Requirements, the Obligated Parties shall submit and HCIDLA shall review and approve a Certified Access Specialist (“CASP”) Inspection Report of the housing development that identifies the necessary and required design

elements to make the units and site accessible for individuals with disabilities. HCIDLA shall inspect the construction/rehabilitation to verify production of the correct number of Accessible Housing Units and appropriate site improvements, in compliance with Section 2 and supported by an independent CASp consultant's report.

From the date of this Agreement through the term of the Regulatory Agreement as set forth in Section 8, HCIDLA will utilize the Housing Development's City approved Property Management Plan and Fair Housing Policy in Regard to Disability, to monitor ongoing occupancy compliance of the Accessible Housing Units and nondiscrimination in regards to individuals with disabilities. Compliance with the Accessibility Requirements shall include, but not be limited to, target marketing, establishing and monitoring a waiting list specific to the Accessible Housing Units, reasonable accommodations and modifications, a service animal policy, policy for re-leasing empty Accessible Housing Units and all elements contained in the Fair Housing Policy in Regard to Disability dated July 28, 2014, as amended over time.

**Section 7. Notices, Demands, Payments and Communication.** Formal notices, demands, payments and communications between the City and the Obligated Party shall be sufficiently given and dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to the principal office of the City as follows:

To City:

City of Los Angeles  
Housing and Community Investment Department  
P.O. Box #532729  
Los Angeles, CA 90053-2729  
Attention: Portfolio Management Unit  
HIMS#18-124964

To Obligated Parties:

CORE/Related GALA Affordable, LP  
c/o Related California  
333 South Grand Avenue, Suite 4450  
Los Angeles, CA 90071  
Attention: Steven Oh

**Section 8. Term of the ADA Covenants.** The covenants contained in this Exhibit shall become effective upon the issuance of the Bond and shall terminate at the end of the CDLAC Conditions set forth in the California Debt Limit Allocation Committee Resolution for the Project, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond.

**Section 9. Covenant To Run With the Land.** The Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass

to and be binding upon the Borrower's successors in interest to the Project; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

**Section 10. Default; Enforcement.** As part of ensuring compliance with the Accessibility Requirements, the City or its agent, will conduct annual on-site visits inspecting the Housing Development, which inspection may include inspecting the Housing Units and common areas, tenant files, logs and other records. Should the Obligated Parties fail to comply with the Accessibility Requirements, the City will first issue an Order to Comply ("Order") stating the element of the Housing Development that is out of compliance, and providing a date by which the Obligated Parties must comply. The Order to Comply shall give the Obligated Parties not more than 30 days to correct the violation, or such additional time as the City may grant if an Obligated Party is taking steps to correct the violation ("Compliance Date"), and diligently pursues such action until the default is corrected, which extension is in the City's sole discretion. The City shall reinspect the Housing Development within 10 days of the Compliance Date specified in the Order or any extension; however, failure to inspect or reinspect within the time frame does not remove the obligation of the Obligated Parties to comply with the Order.

If the Order is issued and the violation continues to exist after the Compliance Date, the City may take any one or more of the following steps:

(a) **Inspection Fee for Non-Compliance.** In the event an Obligated Party fails to comply with the Order within the Compliance Date, the Obligated Parties shall be liable for subsequent inspection fees in the amount approved by Council until compliance has been achieved. Failure to pay the assessed inspection fee within 30 days of the date of invoice will result in a late charge equal to two times the fee and a collection fee equal to 50% of the original fee shall be imposed if any fee imposed is not paid within 30 days of service of notice of the imposition of the fee.

The late fee may be imposed without a hearing but may be appealed to the General Manager of HCIDLA. The appeal shall be made in writing, and shall specify the grounds for the appeal. The appeal shall be filed with HCIDLA within 10 calendar days of the issuance of the imposition of the late fees and costs. The General Manager or his designee shall issue a decision within 10 calendar days of the filing of the appeal. A copy of the decision shall be served on the person or entity subject to the Order or fee by first class United States mail, postage prepaid, or in person. The City shall have the right to bring legal action in any court to enforce the Order and collect the amount of outstanding fees and penalties. The HCIDLA may waive the penalty imposed pursuant to this section if HCIDLA determines that good cause exists for the Obligated Parties' failure to pay in a timely manner.

(b) By mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Obligated Parties to perform their obligations and covenants

hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder;

(c) Have access to and inspect, examine and make copies of all or a portion of the books and records of the Obligated Parties pertaining to the Project; and

(d) Take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Obligated Parties hereunder.

**Section 11. Americans with Disabilities Act.** The Obligated Parties hereby certify that it and any contractor and subcontractor will comply with the Accessibility Requirements. The Obligated Parties and any contractor and subcontractor will provide reasonable accommodations upon request to ensure equal access and effective communication to all its programs, services, and activities in accordance with the applicable provisions of the ADA, the ADAAA, the ADAAG, Section 504, the UFAS, the FHA and all subsequent amendments. The Obligated Parties and any contractor and subcontractor will not discriminate in the provision of its programs, services and activities against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any contract and subcontract entered into by the Obligated Parties, relating to this Regulatory Agreement and the Project, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**Section 12. Parties Bound.** The provisions of this Agreement shall be binding upon and inure to the benefit of the City and the Obligated Parties and their respective successors and assigns.



## EXHIBIT J

### FORM OF CERTIFICATE OF QUALIFIED PROJECT PERIOD

Project Name: Grand Avenue Parcel Q Apartments

*(If project name has changed since the award of allocation please note the original project name as well as the new project name and request a change in the CDLAC resolution.)*

CDLAC Application No.: 18-370

Name of Bond Issuer: City of Los Angeles

Name of Borrower \_\_\_\_\_

*(If Borrower has changed since the award please note the original Borrower as well as the new Borrower and request a change in the CDLAC resolution.)*

Project meets the general federal rule for a Qualified Project Period

Yes \_\_\_\_\_ No

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_; and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bond were first occupied on \_\_\_\_\_, 20\_\_.

Project meets the special federal rule for a Qualified Project Period.

Yes \_\_\_\_\_ No

*(Project qualifies if it is an acquisition/rehabilitation where more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)*

(a) Bond was issued on \_\_\_\_\_, 20

(b) Date 12 months after the Bond Issuance date \_\_\_\_\_, 20

Signature of Officer

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title of Officer

\_\_\_\_\_  
Phone Number

\_\_\_\_\_

**Attachment E**

*Bond Placement Agreement for Grand Avenue Parcel Q on next page.*

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BOND PLACEMENT AGREEMENT

by and among

CITY OF LOS ANGELES,

CORE/RELATED GALA RENTALS, LP,

DEUTSCHE BANK SECURITIES, INC.,

and

HILLTOP SECURITIES INC.

Dated October 26, 2018

Relating to:

[\$200,000,000]

CITY OF LOS ANGELES

MULTIFAMILY HOUSING REVENUE BOND  
(GRAND AVENUE PARCEL Q APARTMENTS)  
SERIES 2018F

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## BOND PLACEMENT AGREEMENT

Upon execution hereof, **HILLTOP SECURITIES INC.**, a corporation duly organized and validly existing under the laws of the state of Delaware (together with its successors, assigns or designees hereunder, the “*Placement Agent*”), hereby offers and agrees to enter into the following agreement with the **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State (together with its successors and assigns, the “*Issuer*”), **CORE/RELATED GALA RENTALS, LP**, a Delaware limited partnership (together with its permitted successors and assigns, the “*Borrower*”), **DEUTSCHE BANK SECURITIES, INC.** (together with its successors and assigns, the “*Purchaser*”), for the sale by the Issuer, as arranged by the Placement Agent of the Bond described below and the subsequent purchase by the Purchaser of the Bond described below, which are being issued by the Issuer for the benefit of the Borrower in connection with the Project. Upon each of the Issuer’s, Borrower’s and Purchaser’s acceptance of this offer and their execution and delivery of this Bond Placement Agreement (this “*Agreement*”), this Agreement will be binding upon each such party and the Placement Agent. This offer is made subject to each of the Issuer’s, Borrower’s and Purchaser’s acceptance, evidenced by their execution and delivery of this Agreement to the Placement Agent, at or prior to 11:00 A.M. New York, New York time on October 26, 2018 and will expire if not so accepted at or prior to such time (or such later time as the Placement Agent and the Purchaser may agree in writing). If this offer expires and no mutually agreeable later date is agreed to among the parties, or the Purchaser’s obligation to purchase the Bond is otherwise terminated by it pursuant to Section 10 hereof, then and in such case, the Issuer shall be without any further obligation hereunder, including the payment of any expenses or costs, and the Issuer shall be free to sell the Bond to any other party.

Section 1. Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto or in the Indenture.

### Section 2. Issue, Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, the Purchaser hereby agrees to purchase all (but not less than all) of the Bond from the Issuer and the Issuer hereby agrees to sell to the Purchaser when, as and if issued, all (but not less than all) of the Bond identified in Item 1 in Exhibit B attached hereto for a total purchase price equal to the purchase price set forth as Item 3 on Exhibit B attached hereto. The Purchaser will cause funds needed to pay the purchase price of the Bond to be provided to the Placement Agent and the Placement Agent will cause such funds to be transferred to the Issuer upon satisfaction of the conditions to closing. The Placement Agent hereby instructs the Issuer to cause the Bond to be registered in the name of the Purchaser and delivered to the Purchaser upon payment of the purchase price therefor. Pursuant to the Indenture, the Bond will be issued and purchased in installments as draw-down Bond in the amounts and on the dates set forth in Exhibit C hereto. For its services hereunder, on the Closing Date (defined below), the Placement Agent shall receive compensation, payable by the Borrower, equal to \$\_\_\_\_\_ plus reimbursement of certain expenses.

2.2 The Bond will (i) be issued in accordance with the Issuer’s enabling legislation and all applicable procedural and substantive requirements and the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rates, interest payment dates and redemption provisions) set forth in Item 3 of Exhibit B attached hereto. As a condition to the sale of the Bond, the Purchaser will execute and deliver an Investor Letter to the Trustee and the Issuer on the Closing Date.

2.3 The Project is required to be operated in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2018 (the “*Regulatory Agreement*”), among the Issuer, the Trustee and the Borrower. The Regulatory Agreement contains certain representations, warranties and covenants concerning the operation of the Project.

Section 3. Closing. The Closing will take place at the time and on the date set forth in Item 5 of Exhibit B attached hereto or at such other time or on such other date as may be mutually agreed upon by the parties hereto. At or prior to the Closing, the Issuer will direct the Trustee to deliver the Bond to or upon the order of Purchaser in certificated form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the Place of Closing as set forth in Item 5 of Exhibit B attached hereto, the other documents and instruments to be delivered pursuant to this Agreement (the “*Closing Documents*”) and on behalf of the Purchaser the Placement Agent will pay the initial purchase price for the Bond as set forth in Section 2.1 above by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs and immediately resell the Bond to the Purchaser for the same price. The Bond will be made available to the Placement Agent at least one business day before the Closing for purposes of inspection. The Bond will be prepared and delivered as fully registered Bond and will be registered by the Trustee in the name of Purchaser, or at Purchaser’s election, Deutsche Bank Trust Companies Americas, its affiliated designee.

Section 4. Representations and Warranties of Issuer.

4.1 The Issuer, subject to the limitations provided herein, hereby makes the following representations and warranties to the Placement Agent and the Purchaser:

(a) The Issuer is a charter city and municipal corporation organized under the laws of the State of California (the “State”) and has full power and authority under the Law and in accordance with the Act to adopt the Resolution, to enter into and to perform its obligations under the Issuer Documents; and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, or to the Issuer’s knowledge, pending against the Issuer seeking to restrain or enjoin the sale or issuance of the Bond, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bond, in any way contesting the validity or enforceability of the Issuer Documents or the existence or powers of the Issuer relating to the sale of the Bond;

(c) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer’s part contained therein will neither (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (ii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(d) Except as may be required under “Blue Sky” or other securities laws of any state and for filings to be made with the Internal Revenue Service on Form 8038, to the Issuer’s

knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made on or prior to the date hereof;

(e) Upon delivery of the Bond, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Resolution;

(f) The Issuer has complied in all material respects with any obligations on its part in the Resolution and the Issuer Documents that are to have been complied with on or before the date hereof; and

(g) The Bond, when delivered in accordance with the Indenture and paid for by the Placement Agent on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indenture;

4.2 The execution and delivery of this Agreement by the Issuer shall constitute a representation by the Issuer to the Placement Agent and Purchaser that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Borrower pursuant to this Agreement, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of Bond Counsel; and provided further, that no member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

4.3 It is understood that the representations and covenants of the Issuer contained in this Section 4 and elsewhere in this Agreement shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate. It is further understood and agreed that the Issuer makes no representations as to (i) the financial condition, results of operation, business or prospects of the Borrower, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bond, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 5. Representations, Covenants and Agreements of the Placement Agent and the Purchaser.

The Placement Agent and the Purchaser represent to and covenant and agree with the Issuer, each as to itself only, that:

(a) It has been duly authorized to enter into this Agreement.

(b) The Placement Agent and the Purchaser is not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which it is a party or by which it is bound, which violation or breach would have a material adverse effect on its ability to execute, deliver and perform this Agreement.

(c) This Agreement, assuming due and legal execution and delivery thereof by, and validity against, the Issuer, when executed by the Placement Agent and the Purchaser, will be a legal, valid and binding obligation of the Placement Agent and the Purchaser enforceable in accordance

with its terms, subject to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally.

Section 6. Representations and Warranties of Borrower.

6.1 The Borrower makes the following representations and warranties to the Issuer, the Placement Agent and the Purchaser, as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bond:

(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 of Delaware and duly qualified, authorized and licensed under the laws of the State to transact business as a limited partnership for the purpose of owning and operating a multifamily housing facility in the State. All partners and other entities that comprise the Borrower and are included on the Borrower's signature page hereto (collectively, the "*Partners*"), are, and at all times will be organized, existing and in good standing under the laws of the state in which they are formed and are in good standing and duly qualified, authorized and licensed under the laws of the State, to the extent required by applicable law. There are no general partners of the Borrower other than those reflected in the Borrower's signature block hereto.

(b) The Borrower has full legal right, power and authority to execute, deliver and perform its obligations, as the case may be, under the Borrower Documents and to perform and consummate all obligations and transactions required or described in each of the Borrower Documents. The Partners have, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the other Loan Documents on behalf of the Borrower.

(c) By all necessary action, the Borrower has duly approved the execution and delivery of the Borrower Documents to which it is a party, and the performance by the Borrower of the obligations in connection with the issuance of the Bond on its part contained in the Borrower Documents and the consummation by it of all other transactions to be performed by it contemplated by the Indenture and the Borrower Documents in connection with the issuance of the Bond. The Loan Agreement, the Note and the Deed of Trust when assigned to the Trustee pursuant to the Indenture, will, to the extent of such assignment, constitute the legal, valid and binding agreement of the Borrower with the Trustee enforceable against the Borrower in accordance with their respective terms for the benefit of the Purchaser, and the Borrower Documents, to the extent that any rights of the Issuer and obligations of the Borrower thereunder are not so assigned to the Trustee, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforcement of each of the above-named documents may be limited by bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights generally and by the application of such equitable principles as the court having jurisdiction may impose, regardless of whether such enforceability is considered in a proceeding in equity or at law and except as the indemnification provisions contained in any of the above-named documents may be found to be contrary to public policy.

(d) The Borrower has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Borrower Documents, to which it is a party. Each of the Borrower Documents, to which it is a party, constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting creditors' rights generally and by the application of equitable principles as a court having jurisdiction may impose, regardless of whether such proceeding is considered a proceeding in equity or law. No consent or approval of any trustee or holder of any indebtedness of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental



authority (except in connection with Blue Sky proceedings as to which no representation is made), is necessary in connection with the approval and delivery of this Agreement.

(e) The Borrower will refrain from taking any action, or voluntarily permitting any action within its control to be taken, except as otherwise required by law, which will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bond.

(f) (i) The Borrower is not in any material respect in breach of or in default under any constitutional provision, law, order, rule or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), which breach or default would have a materially adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or event of default under any such instrument which breach or default would have a material adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement; and (ii) the issuance, delivery and sale of the Bond, and the execution and delivery of the Borrower Documents and compliance with and performance of the Borrower's obligations therein and herein will not conflict with, violate or result in a breach of or constitute on the part of Borrower a default under, any such constitutional provision, law, order, rule, administrative regulation or any Material Judgment or Agreement which breach or default would have a material adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, order, rule, administrative regulation or Material Judgment or Agreement. As used in this Section 6.1, the term "Material Judgment or Agreement" means any material judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Borrower is a party or to which the Borrower or any of its property or assets is otherwise subject (including, without limitation, the Borrower Documents).

(g) All approvals, consents, authorizations and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained and are in full force and effect, or will be obtained and be in full force and effect prior to or by the Closing Date (except for certain building permits, some of which may be obtained post-Closing); provided that the Borrower makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bond for offer and sale under Blue Sky or other state securities laws or regulations. Additionally, the Borrower has obtained the necessary governmental agency approvals, all variances from applicable zoning ordinances and all building permits (except for certain building permits, some of which may be obtained post-Closing) and easements or licenses required to date for the acquisition, construction, improvement, installation and equipping of the Project, to the extent such governmental agency approvals, variances, permits, easements and licenses constitute all approvals required by the date hereof to acquire, construct, improve, install and equip the Project.

(h) The execution and delivery by the Borrower of this Agreement and the Loan Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) the partnership agreement or operating agreement of the Borrower, as applicable, (ii) to the best

of the Borrower's knowledge, any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which one or both of the Borrower is a party or by which the Borrower or its properties is bound.

(i) The Borrower has all necessary power and authority to conduct the business now being conducted by it and as contemplated by the Borrower Documents.

(j) No action, suit, inquiry, litigation, proceeding or investigation of any governmental or judicial body is pending (and, in the case of litigation, for which it has been served with process) against the Borrower or, to the knowledge of the Borrower, after due and diligent inquiry, threatened, in writing, against the Borrower (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bond, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bond, (ii) in any way contesting or affecting any authority for the issuance of the Bond or the validity or binding effect of any of the Borrower Documents, or the execution and delivery or adoption by the Borrower thereof, or the consummation of the transactions contemplated thereby or hereby, (iii) which is in any way contesting the creation, existence, authority, powers or jurisdiction of the Borrower, or the authority of its authorized signatories executing this Agreement or the validity, enforceability or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bond, or the exclusion from gross income for federal income tax purposes of the Bond, or (iv) which, if adversely determined, could materially adversely affect the financial condition, assets, properties, or operations of the Borrower or any of the Borrower Documents; nor, to the Borrower's knowledge, after due and diligent inquiry, is there any basis for any such action, suit, inquiry, litigation, proceeding or investigation.

(k) No representation made, nor any information, exhibit or report furnished to the Issuer, the Placement Agent and the Purchaser by the Borrower in connection with the negotiation of this Agreement or any of the other Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect. There is no fact actually known to the Borrower, or that would have been known to the Borrower after the exercise of due diligence, that the Borrower has not disclosed to the Issuer, the Placement Agent and the Purchaser that materially and adversely affects the properties, business, assets or operations (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Agreement, any of the other Borrower Documents, or any documents or transactions contemplated hereby or thereby.

6.2 Each of the representations and warranties set forth in this Section will survive until the Maturity Date of the Bond.

6.3 Any certificates executed by any authorized representative of the Borrower and delivered to the Placement Agent, the Purchaser or the Issuer pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Borrower when made as to the accuracy of the statements therein made. Additionally, all information provided by the Borrower and all representations made by the Borrower in its application to Issuer and the California Debt Limit Allocation Committee relating to the Project are true and correct in all material respects when made.

## Section 7. Covenants.

7.1 The Issuer hereby makes the following covenants with the Placement Agent and the Purchaser:

(a) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Placement Agent and Purchaser.

(b) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bond or the Issuer Documents.

(c) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of obligations under the Issuer Documents and the Bond.

(d) The Issuer will reasonably cooperate with the Placement Agent and Purchaser upon request, without cost to the Issuer, in the qualification of the Bond for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Placement Agent and Purchaser may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

7.2 The Borrower hereby makes the following covenants with the Issuer, the Placement Agent and the Purchaser:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bond to be applied in a manner other than as provided in the Indenture and the Loan Agreement or which would cause the interest on the Bond to be includable in the gross income of the owners thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that by their nature are obtainable prior to the Closing Date and would constitute a condition precedent to the performance by it of its obligations under the Loan Documents. After the Closing, the Borrower will use commercially reasonable efforts to obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Loan Documents.

(c) The Borrower shall not violate or breach in any material respect any other covenants contained in the Loan Documents.

## Section 8. Conditions of Closing.

8.1 The Placement Agent and the Purchaser have entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Placement Agent's obligations under this Agreement will be subject to the performance by the Issuer and the Borrower of their respective obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) The Placement Agent and the Purchaser shall not have discovered any material error, misstatement or omission in the representations and warranties made by either the Issuer or the Borrower in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Borrower and the Issuer shall have each performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them at or prior to Closing.

(c) This Agreement, the other Issuer Documents and the Loan Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall be in form and substance reasonably satisfactory to the Placement Agent and the Purchaser and no event of default shall exist under any such documents.

8.2 In addition to the conditions set forth in Section 8.1, the obligations of the Placement Agent and the Purchaser to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Placement Agent and the Purchaser of the following items:

(a) An approving opinion of Bond Counsel (with a reliance letter to the Placement Agent and to Purchaser), dated the Closing Date, in form and substance reasonably satisfactory to the Placement Agent and the Purchaser.

(b) A supplemental opinion of Bond Counsel, dated the Closing Date, and addressed to the Placement Agent, to the effect that: the Bond is exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(c) A certificate of the Issuer, in form and substance reasonably satisfactory to the Placement Agent and the Purchaser, dated the Closing Date, to the effect that:

(i) The Bond Placement Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion and the limitations on legal remedies against public entities in the State; and

(ii) The Issuer is a duly organized charter city and a municipal corporation under and by virtue of its Charter and the Constitution and laws of the State of California, with full legal right, power and authority to adopt the Resolution, enter into and perform its obligations under the Issuer Documents and execute and deliver the Bond.

(iii) The Resolution was duly adopted at a meeting of the City Council of the Issuer which was called and held pursuant to law and with all public notice required by law at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

(iv) The Issuer Documents have been duly authorized and executed by the Issuer and each is valid and binding upon and enforceable against the Issuer in accordance with its respective terms.

(v) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions thereof does not conflict with or constitute on the part of the Issuer a material breach of or default under any existing law, regulation, court order or consent decree to which the Issuer is subject or, to the best of my knowledge after due inquiry, any material agreement or instrument to which the Issuer is a party or by which the Issuer is bound, the effect of which would be to materially and adversely affect the ability of the Issuer to enter into and perform its obligations under the Issuer Documents.

(vi) No consent, authorization or approval of or filing or registration with, any governmental or regulatory officer or body not already obtained or not obtainable in due course by the Issuer is required for the execution and delivery by the Issuer of and the performance by the Issuer of its obligations under the Issuer Documents.

(vii) To the best of such counsel's knowledge, no litigation, action, suit or proceeding is pending against the Issuer (with formal written process having been properly served on or noticed to the Issuer) (a) restraining or enjoining the execution or delivery of the Bond, the Issuer Documents or the Pledged Revenues pursuant to the Indenture or (b) in any way contesting or affecting the validity or enforceability of the Bond or the Issuer Documents.

(d) An opinion or opinions of counsel to the Borrower, the Partners and the Guarantor, addressed to the Issuer, the Placement Agent and the Purchaser, dated the Closing Date, in form and substance reasonably satisfactory to the Issuer, Placement Agent and the Purchaser;

(e) A certificate or certificates of the Borrower, dated the Closing Date, in form and substance reasonably satisfactory to the Placement Agent, the Purchaser and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its approving opinion;

(f) An opinion of counsel to the Trustee and/or a Trustee's certificate addressed to the Placement Agent and the Purchaser, dated the Closing Date, to the effect that:

(i) The Trustee is the trustee under the Indenture pursuant to which the Bond has been issued;

(ii) The Trustee is a national banking association duly organized, validly existing, and in good standing under the laws of the United States of America and is empowered, authorized and duly qualified to serve as trustee pursuant to the Indenture, to authenticate the Bond, to enter into the Indenture and perform its duties thereunder and take all actions required or permitted of it under the Indenture;

(iii) The Indenture has been duly executed in the name of and on behalf of the Trustee by its duly authorized officer, and have been duly delivered on behalf of the Trustee and the Indenture is a legal, valid and binding obligation

of the Trustee, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, and to the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(iv) The Bond has been duly authenticated and delivered on behalf of the Trustee by one of its duly authorized officers;

(v) Attached is a certified copy of an extract from the Bylaws of the Trustee, duly adopted by its Board of Directors, which on the date hereof are in full force and effect, authorizing the officer of the Trustee who executed and delivered the Indenture and authenticated the Bond to do so;

(vi) The Trustee has deposited the proceeds from the sale of the Bond as provided in Section 3.03 of the Indenture;

(vii) The Trustee has accepted the duties and obligations imposed on it by the Indenture;

(viii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Indenture to be undertaken by the Trustee;

(ix) Compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound or subject to, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and

(x) The Trustee has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor, to the knowledge of the Trustee, is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bond or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bond, or the pledge thereof, or in any way

contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bond to or upon the order of the purchaser(s) thereof.

(g) A certified copy of the Resolution and executed counterparts of each of the Issuer Documents and the Loan Documents; and

(h) Such additional financing statements, legal opinions, certificates and other documents as the Placement Agent, the Purchaser or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties herein contained and to evidence compliance by the Issuer and the Borrower with this Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer or the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer or the Borrower.

8.3 If any of the conditions set forth in Sections 8.1 or 8.2 have not been met on the Closing Date, the Placement Agent or the Purchaser may, at their sole option, terminate this Agreement, without any liability therefor, effective upon written notice to the Issuer, or proceed to Closing upon waiving any rights under this Agreement with respect to any such condition. If this Agreement is terminated pursuant to this Section or Section 10 below, no party will have any rights or obligations to any other party, except as provided in Section 11.

Section 9. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will deliver the Bond in certificated form to the Trustee for closing. The Bond so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered as set forth in Section 3.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Placement Agent and the Purchaser at the place set forth in Item 5 in Exhibit B, or at such other place or places as the parties hereto may mutually agree upon, the materials described in Section 8.2.

(c) The Placement Agent will deliver to the Trustee, on behalf of the Purchaser, for the account of the Issuer, an amount equal to the purchase price of the Bond as set forth in Item 3 of Exhibit B by wire transfer to the Trustee, in immediately available federal funds.

Section 10. Termination of Agreement. If the Borrower or the Issuer shall be unable to satisfy their respective covenants or obligations hereunder or upon the occurrence of any of the events listed below in this Section 10, then, after consultation with the Issuer and Borrower, this Agreement may be cancelled by the Placement Agent or the Purchaser at any time on or prior to the Closing Date, effective upon written notice to the Issuer and Borrower. If this Agreement is terminated pursuant to this Section or Section 8.3 above, no party will have any rights or obligations to any other party, except as provided in Section 11.

The Placement Agent or the Purchaser may terminate this Agreement as provided in the preceding paragraph, without any liability therefor, if:

(a) the market for the Bond or the market prices of the Bond or the ability of the Placement Agent to enforce contracts for the sale of the Bond shall have been materially and adversely affected, in the reasonable professional judgment of the Placement Agent, by events (1) – (7) below:

1. An amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the IRS or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bond which, in the judgment of the Placement Agent, may have the purpose or effect, directly or, indirectly, of affecting the federal or State tax status of the Issuer, its property or income, its securities (including the Bond) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

2. The declaration of war by or against the United States, any major new escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

3. The declaration of a general banking moratorium by federal, New York or State authorities; or

4. The occurrence of a major financial crisis, a material disruption in municipal bond market securities settlement, payment or clearance services or any calamity or crisis in the financial markets of the United States, or a material disruption or deterioration in the fixed income or municipal securities market



that, in the reasonable professional opinion of the Placement Agent and Purchaser, affects the sale of the Bond; or

5. Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon the trading of securities in general or on the Bond, or with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, by any governmental authority or by any national securities exchange; or

6. The general suspension of trading on, or other material restrictions on, any national securities exchange not in effect as of the date hereof; or

7. A downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations; or

(b) Legislation introduced in or enacted (or resolution passed) by the Congress, legislation recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission ("*SEC*"), or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bond, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act or that the issuance, offering, or sale of obligations of the general character of the Bond, including any or all underlying arrangements, as contemplated hereby or otherwise, is or would be in violation of the federal securities law then in effect; or

(c) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bond, or the issuance, offering or sale of the Bond, including any or all underlying obligations, as contemplated hereby, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(d) A stop order, ruling, regulation, proposed regulation or statement by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bond (including any related underlying obligations), or the execution and delivery of any Legal Documents, as contemplated hereby, is in violation or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the provisions of the 1933 Act, the Trust Indenture Act, or the Securities Exchange Act of 1934, as amended; or

(e) Any litigation shall have been filed against the Issuer or Borrower and pending with service of process accomplished as of the Closing Date to restrain or enjoin the issuance, sale or delivery of the Bond, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Resolution, the Legal Documents or the existence of the powers of the Issuer or Borrower with respect to the obligations under the Legal Documents.

Section 11. Fees and Expenses: Costs of Issuance. All costs, fees and expenses incident to the performance of the Issuer's, Placement Agent's, Purchaser's and Borrower's obligations in connection with the issuance and purchase of the Bond, including the reasonable expenses of counsel, as well as expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Agreement, shall be paid by the Borrower on the Closing Date.

Section 12. Indemnification by Borrower.

(a) The Borrower agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer, the Placement Agent, the Purchaser and each affiliate, member, officer, director, official, employee and agent past, present and future, of the Issuer, the Placement Agent, the Purchaser and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (referred to herein as an "Indemnified Party" and collectively as the "*Indemnified Parties*"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "*Liabilities*") caused by or directly or indirectly arising from or in any way relating to the Bond, the Project, the Loan Agreement, the Indenture, this Agreement or any document related to the Bond, the Project, the loan of the proceeds of the Bond (the "*Transaction Documents*") or any transaction or agreement, written or oral, pertaining to the foregoing; provided, however, that the Borrower shall not be required to indemnify, save or hold harmless (i) the Issuer from any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct or active negligence of the Issuer and (ii) any other Indemnified Party for losses caused by the negligence or the willful misconduct of the Indemnified Party.

(b) The Borrower also agree to pay, defend, protect, indemnify, save and hold harmless the Placement Agent and the Purchaser and each affiliate, member, officer, director, official, employee and agent of the Placement Agent and the Purchaser from and against the Liabilities directly or indirectly arising from or relating to (i) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bond, the Borrower or the Project and (ii) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer pertaining to the financial condition of the Borrower.

(c) The Indemnified Party shall, in the event of any claim, suit, action or proceeding against it with respect to which indemnity may be sought on account of any indemnity agreement by the Borrower contained herein, promptly give written notice thereof to the Borrower, provided however, no indemnity shall be provided to the extent failure to give such notice results in the forfeiture by the Borrower of substantial rights and defenses. When such notice is given, the Borrower shall be entitled to participate, at their own expense, in the defense of, or if it so elects, to assume the defense of, such claim, suit, action or proceeding, in which event such defense shall be conducted by counsel chosen by the Borrower, provided that each Indemnified Party shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld, conditioned or delayed. If the Borrower shall elect not to assume such defense, it shall assume the payment of all expenses related thereto. Notwithstanding the above, each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof, provided that the Borrower shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the Borrower to represent the Indemnified Party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the Indemnified Party and the Borrower and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties that are materially different from or in addition to those available to the

Borrower, (iii) the Borrower shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iv) the Borrower shall authorize the Indemnified Party to employ separate counsel at the expense of the Borrower. Each and every Indemnified Party shall have the right to compromise, settle or conclude any claim, action or proceeding against it with the written consent of the Borrower, which consent shall not be unreasonably withheld. The foregoing notwithstanding, in the event that the Borrower shall assume such defense and any Indemnified Party or Parties shall be advised in writing by independent legal counsel in its reasonable opinion that counsel selected by the Borrower is not fully and adequately protecting such party or parties and representing the interests of such party or parties and the Borrower has been given written notice thereof and a reasonable opportunity to cure or find other counsel acceptable to the Indemnified Parties, any such Indemnified Party or Parties shall have the right to conduct its own defense against any such claim, suit, action or proceeding in addition to or in lieu of any defense conducted by the Borrower, and the Indemnifying Party shall indemnify and hold harmless such Indemnified Party or Parties against and from any and all suits, claims, damages, liabilities or expenses whatsoever, including reasonable fees and expenses of counsel selected by such Indemnified Party or Parties incurred by and arising out of or in connection with any such claim, suit, action or proceeding.

(d) In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph (a) or (b) of this Section 12 is for any reason held to be unavailable, the Borrower and the Indemnified Party with the exception of the Issuer shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bond bear to the aggregate offering price of the Bond, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bond.

(e) The Indemnified Parties, other than the Issuer and the Purchaser, shall be considered to be third party beneficiaries of this Agreement for purposes of this Section 11. The provisions of this Section 11 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination of this Agreement, the offering and sale of the Bond and the payment or provisions for payment of the Bond. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(b) of the Securities Exchange Act of 1934) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Loan Agreement or any other document.

### Section 13. Miscellaneous.

13.1 All notices, demands and formal actions hereunder will be writing and mailed, telecopied or delivered to the following address or such other address as any of the parties shall specify:

If to the Placement Agent:	Hilltop Securities Inc. 1201 Elm Street, Suite 3500 Dallas, TX 75270 Facsimile: (214) 859-9475 Attention: Peter Stare
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If to Purchaser:	Deutsche Bank Securities, Inc.
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60 Wall Street, 3rd floor  
Attention: Municipal Capital Markets  
New York, New York 10005  
Facsimile: (917) 338-4032

If to the Issuer: City of Los Angeles  
Los Angeles Housing and Community Investment  
Department  
1200 West 7<sup>th</sup> Street, 8<sup>th</sup> Floor  
Los Angeles, California 90017  
Attention: Supervisor, Affordable Housing Bond  
Program

With copies to (which shall not  
constitute notice to the Issuer): Los Angeles City Attorney's Office  
200 North Main Street, 9<sup>th</sup> Floor  
Los Angeles, California 90012  
Attention: Lisa Tonomura

If to the Borrower: CORE/Related GALA Rentals, LP  
c/o Related Companies  
18201 Von Karman Avenue, Suite 900  
Irvine, California 92612  
Attention: Rick Vogel

With copies to (which shall not  
constitute notice to the  
Borrower): The Related Companies, L.P.  
60 Columbus Circle, 19<sup>th</sup> Floor  
New York, NY 10023  
Attention: Jennifer McCool, Chief Legal Officer

Levitt & Boccio, LLP  
423 West 55th Street, 8th Floor  
New York, NY 10019  
Attention: David S. Boccio, Esq.

Paul Hastings LLP  
200 Park Avenue  
New York, New York 10166  
Attention: Peter Olsen, Esq.

If to the Trustee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

13.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person.

13.3 This Agreement may not be assigned by the Issuer or the Borrower without the prior written consent of the Placement Agent and the Purchaser, which consent shall not be unreasonably withheld or delayed; provided, however, the Purchaser shall be given at least 30 days prior written notice

of any such proposed assignment. This Agreement may be assigned by the Purchaser upon written notice of such assignment from the Purchaser to the Issuer, the Placement Agent and the Borrower.

13.4 This Agreement may not be amended without the prior written consent of the Issuer, the Placement Agent, the Borrower and the Purchaser.

13.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Purchaser (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bond.

13.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

13.7 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

13.8 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

13.9 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein without regard to choice of law principles.

13.10 Except as provided in Section 11, the obligations of the Purchaser and Borrower hereunder shall be without recourse to any partner, shareholder, member, trustee, officer, employee, agent or manager of the Purchaser or Borrower and no shareholder, member, partner, trustee, officer, employee, agent or manager of the Purchaser or Borrower shall be personally liable for the payment of any obligation of the Purchaser or Borrower, as applicable, hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Purchaser or Borrower shall be enforced only against the assets of the Purchaser or Borrower, as applicable, and not against any property of any trustee, partner, shareholder, member, officer, employee or manager of the Purchaser or Borrower.

13.11 The Issuer and the Borrower each acknowledge and agree that (i) the purchase and sale of the Bond pursuant to this Agreement is an arm's-length commercial transaction among the Issuer, the Placement Agent, the Borrower, and the Purchaser and the Placement Agent, and the Purchaser have financial and other interests that differ from those of the Issuer and the Borrower, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Placement Agent and the Purchaser are and have been acting solely as principals and is not acting as the agent, advisor, or fiduciary of the Issuer or the Borrower, (iii) none of the Placement Agent or the Purchaser has assumed an advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Placement Agent or the Purchaser has provided

other services or is currently providing other services to the Issuer or the Borrower on other matters) and none of the Placement Agent or the Purchaser has an obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement and (iv) the Issuer and the Borrower has consulted their own legal, financial and other advisors to the extent they deem appropriate.

13.12 The provisions set forth in Exhibit C attached hereto are incorporated herein by reference.

[Signature pages start on next page]

[Counterpart Signature Page to The Grand Parcel Q Bond Placement Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement.

**HILLTOP SECURITIES INC.**

By: \_\_\_\_\_  
Peter Stare, Managing Director

[Signatures continue on next page]



[Counterpart Signature Page to The Grand Parcel Q Bond Placement Agreement]

**CITY OF LOS ANGELES**, as Issuer

By: Los Angeles Housing and Community Investment  
Department

By: \_\_\_\_\_  
Sean L. Spear  
Assistant General Manager

Approved as to Form:

MICHAEL N. FEUER,  
City Attorney

By: \_\_\_\_\_  
Deputy/Assistant City Attorney

[Signatures continue on next page]

[Counterpart Signature Page to The Grand Parcel Q Bond Placement Agreement]

**DEUTSCHE BANK SECURITIES, INC.**

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

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

[Signatures continue on next page]

[Counterpart Signature Page to The Grand Parcel Q Bond Placement Agreement]

**CORE/Related GALA Rentals, LP,**  
a Delaware Limited Partnership

By: CORE/Related GALA Rentals HoldCo, LLC, a  
Delaware limited liability company, its managing  
general partner

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

By: TBD Non-Profit Partner, a \_\_\_\_\_, its  
\_\_\_\_\_

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

## EXHIBIT A – GLOSSARY OF TERMS

“1933 Act” means the Securities Act of 1933, as amended.

“1934 Act” means the Securities Exchange Act of 1934, as amended.

“1939 Act” means the Trust Indenture Act of 1939, as amended.

“Act” means, collectively, Chapter 5 of Division 7 of Title 1 of the California Government Code together with the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code as now in effect and as it may from time to time hereafter be amended and supplemented.

“Agreement” means this Bond Placement Agreement, as amended from time to time.

“Bond Counsel” means Kutak Rock, LLP.

“Bond” means the Issuer’s Multifamily Housing Revenue Bond (Grand Avenue Parcel Q Apartments), Series 2018F, issued and delivered in the original principal amount of \$[200,000,000].

“Borrower” means CORE/Related GALA Rentals, LP, a Delaware limited partnership, and its permitted successors and assigns under the Bond Documents to which it is a party.

“Borrower Documents” means this Agreement, the Loan Agreement, the Certificate as to Arbitrage, the Deed of Trust, the Note, the Regulatory Agreement, and any other applicable agreements relating to the Project to which the Borrower is a party.

“Closing” means the proceeding on the Closing Date at which the Bond is delivered to the Purchaser.

“Closing Date” means October 26, 2018, the date on which the Closing takes place.

“Closing Documents” has the meaning ascribed to such term in Section 3 hereof.

“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.

“Constitution” means the Constitution of the State.

“Deed of Trust” means that Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, executed by the Borrower in favor of the Issuer, for the purpose of securing the obligations of the Issuer under the Loan Documents, as such deed of trust may be originally executed or as from time to time supplemented or amended.

“Guarantor” means the party or parties making the Non-Recourse Exceptions, Completion and Carry Guaranty dated as of October 1, 2018, in connection with the issuance of the Bond.

“Indenture” means that certain Indenture of Trust, dated as of October 1, 2018, between the Issuer and the Trustee.

“Indemnified Parties” means the Issuer, the Placement Agent, the Purchaser and each affiliate, member, officer, director, official, employee and agent past, present and future of the Issuer, the Placement Agent, the Purchaser and each person, if any, who controls any of the foregoing within the

meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended.

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

“Issuer Documents” means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement, this Agreement and the Assignment of Deed of Trust and Loan Documents, dated as of October 1, 2018, executed by the Issuer.

“Law” means \_\_\_\_\_.

“Legal Documents” means, collectively, the Borrower Documents and the Issuer Documents.

“Loan Agreement” means that certain Loan Agreement, dated as of October 1, 2018, between the Issuer and the Borrower.

“Loan Documents” shall have the meaning ascribed to such term in the Indenture.

“Note” means that certain multifamily note from the Borrower relating to the Bond and secured by the Mortgage.

“Partners” means all partners comprising the Borrower.

“Placement Agent” means Hilltop Securities Inc., a corporation duly organized and validly existing under the laws of the state of Delaware, together with its successors, assigns or designees.

“Project” means the multifamily rental housing project identified as “The Grand,” consisting of a 314-key Equinox hotel, approximately 173,000 leasable square feet of retail, 436 residential units and an associated parking facility located on a 3.2 acre parcel of land bounded by S. Grand Avenue, W. 1st Street, S. Olive Street and W. 2nd Street in Los Angeles, California.

“Purchaser” means Deutsche Bank Securities, Inc., with its permitted successors and assigns hereunder.

“Regulatory Agreement” means that certain Regulatory Agreement and Declaration of Restrictive Covenants by and between the Issuer and the Borrower.

“Resolution” means the resolution or resolutions of the Issuer, 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.

“State” means the State of California.

“Trustee” means \_\_\_\_\_ or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

**EXHIBIT B – TERMS OF BOND**

1. Title of Bond: \$[200,000,000]  
City of Los Angeles Multifamily  
Housing Revenue Bond (Grand Avenue  
Parcel Q Apartments), Series 2018F
2. CUSIPs: \_\_\_\_\_
3. Purchase Price: 100% of the aggregate principal amount  
of each draw set forth on Exhibit C  
hereto
4. Payment Related Terms:
  - (a) *Date of the Bond:* October 26, 2018
  - (b) *Interest Payment Dates:* [TBD].
  - (c) *Aggregate Principal Amount:* \$[200,000,000]
  - (d) *Maturity Date:* October 1, 20\_\_
  - (e) *Interest Rate:* \_\_\_\_\_%
  - (f) *Redemption Provisions:*
    - (i) Mandatory Redemption: as set forth in the Indenture.
    - (ii) Optional Redemption: on or after October 1, 20\_\_, as set forth  
in the Indenture.
5. Logistics of Closing:
  - (a) *Time of Closing:* No later than 9:00 a.m., Pacific time.
  - (b) *Date of Closing:* October 26, 2018
  - (c) *Place of Closing:* Kutak Rock LLP  
777 S. Figueroa Street  
Los Angeles, CA 90017
  - (d) *Delivery of Bond:* as directed by Placement Agent, subject  
to the provisions of Section 3 hereof.

EXHIBIT C

BOND DRAW-DOWN DATES AND AMOUNTS

<u>Date</u>	<u>Draw Amount</u>	<u>Total Purchased Principal Amount</u>
October 26, 2018	TBD	TBD