

LOAN AGREEMENT

among

CITY OF LOS ANGELES

as Issuer

JPMORGAN CHASE BANK, N.A.,
a national banking association

as initial Bondowner Representative

and

VERMONT PARK PLAZA, LP,
a California limited partnership

as Borrower

Dated as of [] 1, 2014

relating to:

[\$]

City of Los Angeles
Multifamily Housing Revenue Bond
(Park Plaza Apartments)
Series 2014B-1

[\$]

City of Los Angeles
Multifamily Housing Revenue Bond
(Park Plaza Apartments)
Series 2014B-2

The interests of the Issuer in this Agreement and the Note, excluding the Reserved Rights, have been assigned to [TRUSTEE], as trustee, pursuant to an Assignment of Deed of Trust, Note and Other Loan Documents dated as of [] 1, 2014 by the Issuer for the benefit of [TRUSTEE], as trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made and entered into as of [] 1, 2014, by and among the **CITY OF LOS ANGELES** a charter city and municipal corporation in the State of California (together with any successors and assigns, as issuer of the Bond, "Issuer"); **JPMORGAN CHASE BANK, N.A.**, a national banking association, and its successors and assigns ("Bondowner Representative"), and **VERMONT PARK PLAZA, LP**, a California limited partnership ("Borrower").

WITNESSETH:

WHEREAS, Issuer is a charter city and municipal corporation of the State of California, duly organized and existing under its charter and the laws of the State of California (the "State"); and

WHEREAS, pursuant to Section 248 of the City Charter of the City of Los Angeles and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the "Law"), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the "Act"), the Issuer is empowered to issue its revenue bonds to finance the acquisition, rehabilitation and development of multifamily rental housing for persons of low and moderate income; and

WHEREAS, Borrower has requested Issuer to issue its Multifamily Housing Revenue Bond (Park Plaza Apartments) Series 2014B-1 and its Multifamily Housing Revenue Bond (Park Plaza Apartments) Series 2014B-2, in the combined original principal amount of up to \$8,050,000 (collectively, the "Bond") for the purpose of making a loan (the "Loan") to finance, in part, the acquisition and rehabilitation of a multifamily rental housing project known as the Park Plaza Apartments, located at 960 West 62nd Place, Los Angeles, California, located on land which is more particularly described on Exhibit A (the "Land") which Land, together with the improvements constructed thereon (the "Improvements") is collectively referred to as the "Property" or the "Project;" and the Bond shall be issued pursuant to an Indenture of Trust dated as of [] 1, 2014 by and among Issuer, [TRUSTEE], as trustee ("Trustee") and Bondowner Representative (the "Indenture"); and

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

WHEREAS, to evidence the Loan, Borrower is executing in favor of Issuer, those certain promissory notes each payable to the order of Issuer in the combined aggregate original maximum principal amount of \$8,050,000 (collectively the "Note"), which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bond, and Borrower has executed or caused to be executed and delivered to Issuer the Construction and Permanent Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the "Deed of Trust") with respect to the Project, which Deed of Trust shall be assigned by Issuer to Trustee as trustee pursuant to that certain

Assignment of Deed of Trust, Note and Other Loan Documents (the “Assignment of Deed of Trust”), dated as of even date herewith, to secure, among other things, the payments due under the Note and this Agreement; and

WHEREAS, [_____] (the “Guarantor”) [is][are] to guarantee the Loan by executing and delivering to Bondowner Representative a Payment and Performance Guaranty (the “Payment and Performance Guaranty”); and

WHEREAS, in order to secure additional financing for the Project, Borrower has obtained from [the City of Los Angeles] a seller loan in the amount of [\$_____] (the “Seller Loan”); and

WHEREAS, in order to secure further financing for the Project, Borrower has also obtained from the City of Los Angeles a construction and permanent loan of NSP funds (the “HCID Loan”) for the Project in an aggregate principal amount of \$[_____], which shall be secured by the Project; and

WHEREAS, the disbursement of the Loan and the potential conversion of the Loan from the Construction Term to the Permanent Term is governed by, among other documents, the Disbursement Agreement; and

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

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

ARTICLE I

DEFINITIONS

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

“*Act*” has the meaning set forth in the recitals to this Agreement

“*Affiliate*” means any person or entity directly or indirectly controlling, controlled by, or under direct or indirect common control with, another identified person or entity. A person or entity will be deemed to control a corporation or other entity if such person or entity possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or other entity, whether through the ownership of voting securities, by contract or otherwise.

“*Agreement*” has the meaning set forth in the preamble to this Agreement.

“*Assignment of Deed of Trust*” has the meaning set forth in the recitals to this Agreement.

“*Bond*” has the meaning set forth in the recitals to this Agreement.

“*Bondowner Representative*” means JPMorgan Chase Bank, N.A., a national banking association and as otherwise defined in Section 1.01 of the Indenture.

“*Borrower*” has the meaning set forth in the preamble to this Agreement.

“*Borrower’s Governing Agreement*” means an [amended and restated agreement of limited partnership] under which Investor Limited Partner is admitted as a limited partner of Borrower, which agreement is to be executed and delivered substantially concurrently with the execution and delivery of this Agreement.

“*Collateral Assignment*” means, collectively, that Collateral Assignment of Rights to Tax Credits and Partnership Interest by the Borrower, [_____] and the Bondowner Representative and that Collateral Assignment and Pledge of Developer Fees and Security Agreement by [_____] in favor of Bondowner Representative.

“*Construction Loan*” means the Loan before Conversion.

“*Conversion*” means the commencement of the Permanent Loan upon satisfaction of the Conversion Conditions.

“*Conversion Conditions*” has the meaning set forth in the Disbursement Agreement.

“*Conversion Date*” has the meaning set forth in the Disbursement Agreement.

“*Deed of Trust*” has the meaning set forth in the recitals to this Agreement.

“*Default*” has the meaning set forth in Section 6.01.

“*Default Rate*” means the Default Rate set forth in the Note and, if more than one Default Rate is set forth in the Note, the highest thereof, but in no event higher than the “Default Rate” as defined in the Indenture.

“*Developer Fee*” has the meaning set forth in Section 3.2.

“*Disbursement Account*” has the meaning set forth in Exhibit B.

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

“*Disbursements*” means disbursements of funds by Bondowner Representative to pay Total Project Costs, which disbursements are made from proceeds of the Loan or other funds held by Bondowner Representative in Pledged Accounts that are available for that purpose.

“*Draw Request*” means a draw request as described in Section 10 of the Disbursement Agreement.

“*Event of Default*” has the meaning set forth in Section 6.01.

“*Guarantor*” has the meaning specified in the recitals to this Agreement.

“*Improvements*” has the meaning set forth in the recitals to this Agreement.

“*Indemnified Costs*” means all liabilities, claims, actions, causes of action, judgments, orders, damages, costs, expenses, fines, penalties and losses (including sums paid in settlement of claims and all consultant, expert and legal expenses), but excluding any Costs (as defined in the Indemnity Agreement), which Costs are subject to payment as provided in the Indemnity Agreement.

“*Indemnified Parties*” means the Trustee, the Issuer and its officers, officials, employees, counsel, attorneys, accountants, financial advisors, staff, members of its governing body and agents, past, present and future, and its successors and assigns, as well as Bondowner Representative, its parents, subsidiaries and other Affiliates, assignees of Bondowner Representative’s interest in the Bond or the Loan, owners of participation or other interests in the Loan, and the officers, directors, employees, attorneys and agents of each of them.

“*Indemnity Agreement*” means an unsecured Environmental Indemnity Agreement to be executed by Borrower and Guarantor to induce Bondowner Representative to purchase the Bond.

“*Indenture*” has the meaning set forth in the recitals to this Agreement.

“*Investor Limited Partner*” has the meaning set forth in the Disbursement Agreement.

“*Issuer*” has the meaning set forth in the preamble to this Agreement.

“*Land*” has the meaning set forth in the recitals to this Agreement.

“*Loan*” has the meaning set forth in the recitals to this Agreement.

“*Loan Closing*” means the issuance of the Bond and the recording of the Deed of Trust.

“*Loan Documents*” means, collectively, this Agreement, the Disbursement Agreement, the Note, the Deed of Trust, the Collateral Assignment, the other Security Documents, the Replacement Reserve Agreement and all other documents that evidence, guarantee or secure the Loan (but specifically excluding the Indemnity Agreement). The term “*Loan Documents*” does not include the Indemnity Agreement.

“*Loan Proceeds*” means the proceeds of the Loan in the maximum principal amount set forth in this Agreement.

“*Note*” has the meaning set forth in the recitals to this Agreement.

“*Pledged Accounts*” has the meaning set forth in Exhibit B.

“*Project*” has the meaning set forth in the recitals to this Agreement.

“*Property*” has the meaning set forth in the recitals to this Agreement.