

LOAN AGREEMENT

among

CITY OF LOS ANGELES,
as Issuer

[TRUSTEE NAME],
as Trustee

and

THE CALIFORNIAN PARTNERS, L.P.
as Borrower

Relating to

\$_[]
City of Los Angeles
Multifamily Housing Revenue Bond
(Paseo at Californian Apartments Project),
Series 2014K

Dated as of [November] 1, 2014

The interest of the City of Los Angeles (the "Issuer") in this Loan Agreement has been assigned (except for certain "Reserved Rights" as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to [TRUSTEE], as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of [November 1], 2014 (together with all supplements, modifications and amendments thereto, this “Loan Agreement”), among **CITY OF LOS ANGELES**, a charter city and municipal corporation in the State of California (together with its successors and assigns, the “Issuer”), [TRUSTEE NAME], a national banking association, as trustee under the herein defined Indenture (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”), and **THE CALIFORNIAN PARTNERS, L.P.**, a California limited partnership (together with its successors and assigns, the “Borrower”).

WITNESSETH:

WHEREAS, the Issuer is authorized pursuant to Section 248 of the City Charter of the Issuer and Article 6.3 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended (collectively, the “Law”), and in accordance with Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California, as amended (the “Act”) to finance multifamily rental housing by issuing its revenue bonds; and

WHEREAS, the Issuer has determined to issue its City of Los Angeles Multifamily Housing Revenue Bond (Paseo at Californian Apartments Project), Series 2014K in the aggregate principal amount of \$_____ (the “Bond”) pursuant to the Trust Indenture dated as of the date hereof (the “Indenture”), executed by the Issuer and [TRUSTEE] as trustee (the “Trustee”), for the purpose of providing funding necessary for the acquisition, construction and equipping by the Borrower of a 52-unit (plus one manager unit) multifamily rental housing project in Los Angeles, California known as the Paseo at Californian Apartments (the “Project”); and

WHEREAS, pursuant to this Loan Agreement, the Issuer has agreed to issue the Bond and to use proceeds of the Bond to fund a loan to the Borrower (the “Loan”), and the Borrower has agreed to (a) apply the proceeds of the Loan to pay a portion of the costs of acquisition, construction and equipping of the Project, (b) make payments sufficient to pay the principal of, premium, if any, and interest on the Bond when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth herein; and

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

WHEREAS, to secure its obligations under this Loan Agreement and the Note, the Borrower has executed (a) a Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the “Mortgage”) for the benefit of the Issuer as secured party; (b) an Assignment of Contracts, Plans and Specifications (as the same may be amended, modified or supplemented from time to time,

the "Assignment of Project Documents") and (c) a Security Agreement (Assignment of Partnership Interest and Capital Obligations (as amended, modified or supplemented from time to time, the "Partnership Assignment") each dated as of even date with this Loan Agreement;

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

ARTICLE I

DEFINITIONS

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

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

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

"*Approved Budget*" means the Proposed Budget approved by the Servicer.

"*Architect*" means _____.

"*Architect's Contract*" means the _____, dated _____, 20____, between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the construction and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.

"*Bank*" means Banc of America Public Capital Corp, and its successors and assigns.

"*Capital Expenditures*" means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation or replacement of the Project.

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

"*Construction Contract*" means the contract, dated _____, 20__ between the Borrower and the Contractor, providing for the construction and equipping of the Improvements and certification of Requisitions, among other things.

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

“*Contractor*” means _____.

[“*Contribution Agreement*” means the Capital Contribution Agreement among the Borrower, the General Partner and the Special Limited Partner dated as of _____ 1, 2014, as the same may be amended, modified or supplemented from time to time.]

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

“*Conversion*” means the satisfaction of the Conversion Conditions as set forth in the Bond Purchase Agreement and the purchase of the Bond by CCRC.

“*Conversion Date*” means the date on which Conversion occurs.

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

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

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

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

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

“*General Partner*” means individually and collectively, The Californian Developers, LLC, a California limited liability company and Central Valley Coalition for Affordable

Housing, a California nonprofit public benefit corporation, together with any permitted successors and assigns as general partner of Borrower.

“*General Partner Documents*” means the Partnership Assignment and the Environmental Indemnity.

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

“*Guarantor Documents*” means the Payment Guaranty and the Completion Agreement.

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

“*Improvements*” means the 52-unit (plus one manager unit) multifamily rental housing project with related site improvements and amenities located on the Land and constructed, equipped and furnished in accordance with the Plans and Specifications.

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

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

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

“*Investor Limited Partner*” means [_____], a [_____], together with its permitted successors and assigns as limited partner in Borrower.

“*Issuer’s Fee*” means an issuance fee in the amount of \$[_____] payable on the Closing Date.

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

“*Lien*” means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall also include any and all reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project or any part thereof or any interest therein.

“*Loan Fee*” means an amount equal to [__]% of the maximum principal amount of the Bond, or \$_____.

“*Management Agreement*” means the [Property Management Agreement] dated as of [_____] 20[___], [as amended by an amendment dated as of [_____ 1, 20__]] between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

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

[“*Managing Member*” means _____, a _____, as managing member of The Californian Developers, LLC, together with any permitted successors and assigns.]

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

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

“*Operating Expenses*” means, for any period, the aggregate amount of expenses incurred by the Borrower in connection with the Project pursuant to arm’s length transactions for ordinary and necessary expenses sufficient to provide the amenities and services associated with a multi-family residential facility as follows: labor costs; general maintenance; legal and accounting fees relating solely to the operation of the Project (and not partnership administration, other than audit and other expenses incurred by the Borrower relating solely to the operation of the Project); general and administrative costs of the Borrower directly attributable to the Project