

EXHIBIT A  
LOAN AGREEMENT  
(1010 JEFFERSON)

LEGAL DESCRIPTION

Lots 1, 2, 3, 4 and 5, Block "B", of the Nadeau Orange Tract, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 25, Page 34 of Miscellaneous Records, in the Office of the County Recorder of said County.

Excepting that portion of Lots 1, 2, 3 and 4 within the street right of way of Jefferson Boulevard.

ASSESSOR'S IDENTIFICATION NUMBERS: 5114-015-045, -046, -047, -048, 5114-015-907, -908, -909, -910 (Previous Assessor's Identification Numbers: 5114-015-010, -011, -012, -013)

COMMON ADDRESSES: 1010 E. Jefferson Boulevard  
Los Angeles, California 90011-2433

BORROWER: Hollywood Community Housing Corporation  
A California non-profit corporation

EXHIBIT A1  
LOAN AGREEMENT  
(1010 JEFFERSON)

PROJECT DESCRIPTION:

Hollywood Community Housing Corporation (HCHC) is proposing to develop the Paul Williams Family Apartments. A proposed 41 unit affordable large family housing development located at 1010 and 1000 E. Jefferson Boulevard and 991 and 981 E. 35th Street in South Los Angeles. The proposed development will combine new construction and rehabilitation over a 30,103 square foot site comprised of 4 parcels. The project will include a parklette area developed in conjunction with the Council Office, with a community garden that will provide a commercial component to the Project.

Paul Williams designed the 1010 Jefferson as a one and two story funeral home combining a hybrid of Spanish Colonial Revival, Georgian and Art Deco architectural elements in 1934. HCHC will be utilizing the existing approximately 11,355 square foot Paul Williams designed structure and will rehabilitate it to the Secretary of the Interior standards and utilize it for both residential units and community space which includes a community room, manager's office and services office. There is an existing one-bedroom caretaker unit in the structure. This building will be reconfigured to include seven residential units in total. There is also a 1,007 square foot basement which will be used for maintenance and supply storage.

Currently on this site, there is also a 3,787 square foot church building constructed in 1962, whose interior has been gutted and which has no historic significance. This outlying church structure will be demolished and replaced with the new construction component. The siting of the new four story housing on the western half of the property continues the multi-geometry of the original building with the new structure divided into three wings to reduce impact. Two of the wings have stacked townhouses and flats while the third wing is a combination of three-bedroom flats on the ground floor and two and one bedroom flats above.

The residential portion of the development will offer 11 one bedroom, 17 two bedroom and 13 three bedroom units in total. The historic component includes 5 one bedroom units, 1 two bedroom unit and 1 three bedroom unit. The new construction includes 6 one bedroom units, 16 two bedroom units and 12 three bedroom

units comprised of 4 flats and 8 townhouses. There will be 42 subterranean parking spaces for the residents. The average size of the units will be 611 s.f. for the one bedrooms, 853 s.f. for the two bedrooms and 1,100 s.f. for the three bedrooms. Of the total 41 units, 40 units will be reserved for low income households and one unrestricted unit will be for the apartment manager. The affordability levels range from 30% AMI to 50% AMI. Of the 40 restricted units, a portion of the units that are slated to be affordable to households earning 30% of AMI will be marketed toward a Special Needs population who are households considered "at risk of becoming homeless".

EXHIBIT B  
LOAN AGREEMENT  
(1010 JEFFERSON)

DEFINITIONS

The following terms have the meanings and content set forth in this section wherever used in the City Loan Agreement, attached Exhibits, or documents incorporated into this City Loan Agreement by reference.

1. "ANNUAL FINANCIAL STATEMENT" means the financial statement of Operating Expenses and Revenues, prepared at Borrower's expense by an independent certified public accountant acceptable to Lender. All annual financial statements submitted by Borrower for the purpose of Residual Receipts calculation are to be presented in the standardized format proscribed in HCIDLA's Residual Receipts Loan Reporting Requirements and shall form the basis for determining the Residual Receipts.

2. "AREA MEDIAN INCOME" means the median income for the Los Angeles-Long Beach HUD Metro Fair Market Rent Area (FMR Area), as defined by U.S. Department of Housing and Urban Development (HUD), with adjustments for family size, as determined from time to time by HUD pursuant to the United States Housing Act of 1937 as amended, or such other method of median income calculation applicable to the City of Los Angeles that HUD may hereafter adopt in connection with said Act.

3. "ASSIGNMENT OF ARCHITECT'S CONTRACT AND PLANS AND SPECIFICATIONS AND PERMITS" means the agreement in the form of Exhibit L.

4. "ASSISTED UNIT" means a housing unit on the Property which is financed by CDBG Funds.

5. "BORROWER" is Hollywood Community Housing Corporation, a California non-profit corporation, and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

6. "BUDGET" means that budget for the development of the Project attached as Exhibit E.

7. "CDBG FUNDS" means those funds granted to the City by HUD from the Community Development Block Grant Program, under Title I of the Housing and Community Development Act of 1974, as amended, codified at 42 U.S.C. '5301 et seq., with regulations issued at 24 CFR 570, to provide funds for affordable housing.

8. "CERTIFICATE OF OCCUPANCY" shall mean such certificate as shall be issued to the Borrower by the City following completion of the Improvements pursuant to Section 91.109 of the Los Angeles Municipal Code.

9. "CITY" means the City of Los Angeles, a municipal corporation.

10. "CITY DEED OF TRUST" is that deed of trust, assignment of rents, and security agreement placed on the Property as security for the Loan by Borrower as trustor with City as beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust, attached hereto as Exhibit D. The terms of the City Deed of Trust have been incorporated into this City Loan Agreement.

11. "CITY LOAN" means the loan of One Million Two Hundred Thousand Dollars (\$1,200,000) from the City to Borrower, as provided in the City Loan Agreement.

12. "CITY LOAN AGREEMENT" means the loan agreement entered into between City and Borrower whereby the City made the City Loan to Borrower.

13. "CITY NOTE" is that promissory note executed by Borrower in favor of Lender evidencing the Loan in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000), which is secured by the City Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note, in the form hereto as Exhibit C. The terms of the City Note are hereby incorporated into this City Loan Agreement by this reference.

14. "CITY'S SHARE" shall mean fifty percent (50%) of the Residual Receipts from the Project.

15. "COMMENCEMENT OF CONSTRUCTION" means the time Borrower or Borrower's construction contractor begins substantial physical construction work on the Project at the Property, including site preparatory work, beyond maintenance of the Property in its status

quo condition. Such work shall not include work related solely to the remediation of Hazardous Materials.

16. "CRA" means the Los Angeles Community Redevelopment Agency.

17. "ELIGIBLE COSTS" means those Project costs for which Loan proceeds may be used as specified in the attached Exhibit E, which is hereby incorporated into this Loan Agreement by this reference, and in the Budget as attached and any revisions to the Budget that are approved in writing by Lender. In addition, other items may be Eligible Costs if approved in writing by Lender.

18. "ELIGIBLE HOUSEHOLD" means a household that qualifies as a 60% Income Household. For reference purposes, the eligibility income requirements are specified in Exhibit N.

19. "ESCROW HOLDER" means the person or entity designated by the Borrower and approved by the Lender to hold all Loan proceeds and documents until receiving written instructions to record the documents and disburse the funds.

20. "FAMILY INCOME" means the gross amount of income of all family members that is anticipated to be received during the coming 12-month period determined in accordance with the definition of Annual Income contained in 24 C.F.R. 5.609.

21. "FULL OCCUPANCY" means the initial point at which all units are rented to eligible tenants.

22. "HAZARDOUS MATERIALS" means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic substances," under federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

23. "HCIDLA" shall mean the City of Los Angeles Housing and Community Investment Department.

24. "HUD" means the United States Department of Housing and Urban Development.

25. "IMPROVEMENTS" shall mean forty-one (41) housing units of which one hundred percent (100%) of the forty (40) units will be affordable to 60% Income Households, and one (1) unrestricted manager's unit.

26. "LEASE" means the lease in a form satisfactory to Lender entered into between Borrower and a tenant of a unit in the Project.

27. "LENDER" means the City of Los Angeles, a municipal corporation and its authorized representatives, officers, officials, directors, employees, and agents.

28. "LOAN" means the loan of funds provided by Lender to Borrower pursuant to this Loan Agreement.

29. "LOAN AGREEMENT" and "CITY LOAN AGREEMENT" means the loan agreement entered into between Lender and Borrower.

30. "LOAN DOCUMENTS" are collectively this Loan Agreement, the City Note, the City Deed of Trust, the Regulatory Agreement, and the UCC-1, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

31. "MANAGEMENT PLAN" means Borrower's plan for the operation of the Project. Borrower shall submit its Management Plan for review and approval by the HCIDLA pursuant to this Loan Agreement.

32. "MCKINNEY ACT BOND FUND" means the funds generated from Section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended by the Housing and Community Development Act of 1922, P.L. 102-550 and made available to the City for purposes of providing decent, safe, and sanitary housing affordable to very low income families and persons.

33. "MBE/WBE" means Minority Business Enterprises/Women-Owned Business Enterprises.

34. "NOTICE OF COMPLETION" means that notice filed by Borrower evidencing completion of the construction of the Improvements pursuant to the terms of this Loan Agreement.

35. "OPERATING EXPENSES" shall mean actual, approved reasonable and customary costs, fees and expenses directly attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including but not limited to a commercially reasonable property management fee; taxes and assessments; payroll and payroll taxes for property employees; insurance; security, painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services; office, janitorial, cleaning and building supplies; approved recreational amenities and supplies; purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishing; fire alarm monitoring; fees and expenses of accountants, attorneys, consultants and other professionals, and social service cost for supportive services coordination not to exceed One Hundred Dollars (\$100) per unit, annually, excluding the managers' units. Also included in Operating Expenses are those costs incurred by the transfer of households, within the development, that are not appropriately housed in regards to accessibility. Specifically, the cost of transferring a household from an accessible unit, who does not need the accessibility features of that unit, to a comparable, conventional unit and the costs of transferring a household in a non-accessible conventional unit to an accessible unit so that the household with a person who has a disability that requires the accessible features of that unit can be appropriately housed. The transfer costs of moving these households, any utility transfer costs, if applicable, and unit preparation costs for occupancy are eligible operating expenses. The cost of making unit modifications requested by tenants in order to make a conventional unit more accessible for their use, and any costs associated with providing effective communications (including interpreters) with limited English speaking persons are also eligible operating expenses and reasonable accommodations to make housing and housing-related services accessible to individuals with disabilities in accordance with Section 504/ADA regulations. The Operating Expenses shall be reported in the Annual Financial Statement. Expenses for the purpose of calculating residual receipts are subject to HCIDLA approval and shall be calculated on a cash basis.

36. "OPERATING RESERVE FUND" means the fund established pursuant to this Loan Agreement.



37. "PAYMENT DATE" shall mean \_\_\_\_\_, 2018 for the first payment, and annually thereafter until the City Loan is paid in full or otherwise terminated.

38. "PLANS AND SPECIFICATIONS" means the plans and specifications for the construction of the Project approved by Lender as well as any change orders approved by Lender.

39. "PROJECT" means the project as described in Exhibit A(1), Project.

40. "PROJECT COMPLETION" means that: (1) all necessary title transfer requirements and construction work have been performed; (2) the project complies with the requirements and property standard for all sources of funds (including 24 CFR Part 92 and the property standards within 24 CFR 92.251, if applicable to the source funds); (3) the final drawdown of funds has been disbursed for the Project; and (4) occurs upon completion of construction and before occupancy.

41. "PROPERTY" consists of the real property located at 1010 E. Jefferson Boulevard, Los Angeles, California 90011-2433, and more particularly described in the attached Exhibit A, which is incorporated into this Loan Agreement by this reference, and any buildings or Improvements now or hereafter situated on said real properties.

42. "QUALIFYING HOUSEHOLD" means a Family Income not exceeding the maximum initial income level as established in Exhibit N for an Assisted Unit and who is otherwise eligible to rent an Assisted Unit.

43. "QUALIFYING RENT" means the maximum rent for an Assisted Unit allowed under this Loan Agreement and the Regulatory Agreement, less an allowance for tenant-paid Utilities as calculated by the City of Los Angeles subject to HUD rules and regulations, and is the consideration, including any bonus, benefits or gratuity, demanded or received by Borrower for or in connection with the use or occupancy of a rental unit, including parking, laundry facilities, and other housing services and amenities of any kind that are reasonably deemed as part of rent by the City. The following is not permissible: (a) additional service charges resulting in a rent amount above the maximum allowable rent set by this Regulatory Agreement and the Loan Documents; and (b) contracts with other agencies resulting in rent payments on behalf

of the tenant for more than the regulatory agreement's qualifying rent, unless the project is designated as a HUD project based rental assisted building.

44. "REGULATORY AGREEMENT" means the agreement executed by Borrower and City, attached as Exhibit K, and recorded against the Property prior to or contemporaneously with the Loan and City Deed of Trust, which regulates the use of the Project and stipulates, among other things, that the Project shall remain affordable for a minimum of twenty (20) years.

45. "REPLACEMENT RESERVE FUND" means the fund established pursuant to this Loan Agreement.

46. "RESIDUAL RECEIPTS" shall mean Revenues reduced in the following order: (1) Operating Expenses calculated on a cash basis; (2) debt service on senior project debt secured by the senior position deed of trust; (3) payments to the Operating Reserve Fund; (4) payments to the Replacement Reserve Fund; (5) repayment of general partner loans; (6) deferred developer fees; and (7) related or third party transactions, including but not limited to partnership management fee, investor service fee, asset management fee, annual partnership review fee, administrative fee, incentive supervisor fee, and/or facility administration fee. The combined total amount of related or third party transactions shall not exceed fifteen thousand dollars (\$15,000) annually or Portfolio Management Guidelines, whichever is greater. Deferred developer fees shall be drawn from project cash flow over the first fifteen (15) years of project operation.

47. "RESTRICTED UNIT" means a housing unit on the Property which is reserved for occupancy by a household with a 60% Income Households, or other designated income as set forth in Exhibit N, and which is designated to be rented at a Qualifying Rent as set forth in Exhibit N.

48. "REVENUE" shall mean all income derived from the Project, including but not limited to rent from the units, laundry operations, and parking fees. Syndication proceeds, interest earned on reserves and income derived from a commercial component (if applicable) shall not be deemed Revenue.

49. "SCHEDULE OF PERFORMANCE" means the Project timeline, attached as Exhibit M. It is the responsibility of Borrower to strictly comply with the Schedule of Performance.

50. "UTILITIES" means the provision of electricity, gas, water, sanitation, or other public services.

51. "60% INCOME HOUSEHOLD" means an annual Family Income not exceeding sixty percent (60%) of the median income for the Los Angeles Metropolitan area as determined by HUD with adjustments for smaller and larger households.

EXHIBIT C  
LOAN AGREEMENT  
(1010 JEFFERSON)

CITY PROMISSORY NOTE  
SECURED BY THE CITY DEED OF TRUST  
(Residual Receipts)

\$1,200,000

RECITALS

WHEREAS, the City wishes to promote the construction of multifamily rental housing within the City of Los Angeles.

WHEREAS, the City has entered into Grant Agreements with the United States Department of Housing and Urban Development ("HUD"), pursuant to Title I of the Housing and Community development Act of 1974, as amended, 42 U.S.C. §5301, Housing and Community Block Grant funds ("CDBG Funds") to address the community development needs of the City.

WHEREAS, CDBG Funds were provided in the 32<sup>nd</sup> Mid-Year Reprogramming (2006-2007) - City Council File Numbers 06-0100-S12 and 07-1277-S2, dated October 5, 2007 and March 26, 2008, respectively - which authorized a total of One Million Dollars (\$1,000,000) in CDBG Funds to assist Community Enhancement Corporation, a California non-profit corporation, in the acquisition of a building from the Community Redevelopment Agency ("Former Agency" or "CRA") for the purpose of developing a facility to provide child care and/or health clinic services to low- and moderate income residents of the community; and also, pursuant to Title IV, Subtitle B of the Stewart B. McKinney Homeless Assistance Act of 1987, Public Law 100-77, to address the needs of homeless persons in the City.

C - (1 of 10)

[1010 JEFFERSON  
Promissory Note 11.16.15]

WHEREAS, Community Enhancement Corporation defaulted on its agreement with the City. A Notice of Default and Election to Sell under Deed of Trust was recorded on October 22, 2012, as record number 20121593288. A Trustee's Deed upon Sale, recorded on March 8, 2013 as record number 20130355451, granted and conveyed all right title and interest in the property (described in Exhibit A) to the City.

WHEREAS, the City issued a loan to the Borrower in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000) from the City's CDBG Funds, loaned to support acquisition costs ("City Loan Agreement"). The Property is sold at its appraised value and is authorized by Los Angeles City Council File Number 15-1183. This Project is eligible under 24 CFR 570, et seq., and shall be utilized to meet that national objective pursuant to 24 CFR 570.208(a) by providing affordable housing to individuals and/or households of low- and/or moderate income.

WHEREAS, Borrower shall acquire the real property located at 1010 E. Jefferson Boulevard, Los Angeles, California 90011-2433 (as more particularly described in Exhibit A) (the "Property") for the adaptive reuse and rehabilitation of a historic funeral home building resulting in forty-one (41) housing units, of which One Hundred Percent (100%) of the forty (40) units shall be rented at prices affordable to 60% Income Households as defined in the City Loan Agreement for the project ("Project"), and one (1) unrestricted manager's unit.

WHEREAS, part of the consideration for the City Loan from Lender to Borrower shall be this Note secured by the City Deed of Trust in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000), and compliance with the City Loan Agreement and the Regulatory Agreement.

1. NOW, THEREFORE, FOR VALUE RECEIVED, Hollywood Community Housing Corporation, a California non-profit corporation (the "Borrower"), promises to pay to the order of City of Los Angeles, a municipal corporation ("Lender"), a total principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000) and all accrued interest thereon or so much as may be advanced to the Borrower pursuant to the City Loan Agreement, dated \_\_\_\_\_, 2015, between the Borrower and Lender.

2. The obligation of the Borrower is subject to the terms of the City Loan Agreement, the City Deed of Trust, the Regulatory Agreement, and this Note, executed by the Borrower for the purpose of securing this Note. Said documents are public records on file in the office of the City Clerk, and the provisions of said documents are incorporated herein by this reference.
  
3. All initially capitalized terms in this Note shall have the definition ascribed to such term in the City Loan Agreement. The following terms are defined in the City Loan Agreement and repeated here for convenience of reference:
  - a. "Annual Financial Statement" means the financial statement of Operating Expenses and Revenues, prepared at the Borrower's expense, by an independent certified public accountant reasonably acceptable to the City, which shall form the basis for determining the Residual Receipts.
  
  - b. "Operating Expenses" shall mean actual, approved reasonable and customary costs, fees and expenses directly attributable to the operation, recordkeeping, maintenance, taxes and management of the Project, including but not limited to a commercially reasonable property management fee, taxes and assessments; payroll and payroll taxes for property employees; insurance; security; painting, cleaning, repairs, and alterations; landscaping; sewer charges; utility charges; advertising, promotion and publicity; cable television, satellite and other similar services, office, janitorial, cleaning and building supplies; approved recreational amenities and supplies; purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishing; fire alarm monitoring; fees and expenses of accountants, attorneys, consultants and other professionals, and social service cost for supportive services coordination not to exceed One Hundred Dollars (\$100) per unit, annually, excluding the managers' units. Also included in

Operating Expenses are those costs incurred by the transfer of households, within the development, that are not appropriately housed in regards to accessibility. Specifically, the cost of transferring a household from an accessible unit, who does not need the accessibility features of that unit, to a comparable, conventional unit and the costs of transferring a household in a non-accessible conventional unit to an accessible unit so that the household with a person who has a disability that requires the accessible features of that unit can be appropriately housed. The transfer costs of moving these households, any utility transfer costs, if applicable, and unit preparation costs for occupancy are eligible operating expenses. The cost of making unit modifications requested by tenants in order to make a conventional unit more accessible for their use, and any costs associated with providing effective communications (including interpreters) with limited English speaking persons are also eligible operating expenses and reasonable accommodations to make housing and housing-related services accessible to individuals with disabilities in accordance with Section 504/ADA regulations. The Operating Expenses shall be reported in the Annual Financial Statement. Expenses for the purpose of calculating residual receipts are subject to HCIDLA approval and shall be calculated on a cash basis.

- c. "Payment Date" shall mean \_\_\_\_\_, 2018 for the first payment, and annually thereafter until the City Loan is paid in full or otherwise terminated.
- d. "Residual Receipts" shall mean Revenues reduced in the following order: (1) Operating Expenses calculated on a cash basis; (2) debt service on senior project debt secured by the senior position deed of trust; (3) payments to the Operating Reserve Fund; (4) payments to the Replacement Reserve Fund; (5) repayment of general partner loans; (6) deferred developer fees; and (7) related

or third party transactions, which includes but is not limited to partnership management fee, investor service fee, asset management fee, annual partnership review fee, administrative fee, incentive supervisor fee, and/or facility administration fee. The combined total amount of related or third party transactions shall not exceed fifteen thousand dollars (\$15,000) annually or Portfolio Management Guidelines, whichever is greater. Deferred developer fees shall be drawn from project cash flow over the first fifteen (15) years of project operation.

- e. "Revenue" shall mean all income derived from the Project, including but not limited to rent from the units, laundry operations, and parking fees. Syndication proceeds or interest earned on reserves shall not be deemed Revenue.
4. This Note evidences the obligation of the Borrower to Lender to repay funds loaned to the Borrower to finance a portion of the cost of permanent financing for the Project.
5. This Note is payable in lawful money of the United States at the office of City of Los Angeles Housing and Community Investment Department, 1200 W. 7th Street, 9th Floor, Los Angeles, California 90017, or at such other place as the holder hereof may inform the Borrower in writing.
6. This Note shall bear simple interest at the rate of four percent (4%) per annum on the principal amount outstanding from the date of the warrant (Los Angeles City check), until paid. Interest shall be computed based upon a three hundred sixty (360) day year, and a thirty (30) day month.
7. Unless sooner due pursuant to this Note, the combined principal of the City Loan and all accrued interest thereon shall be due and payable on the earliest of (a) twenty (20) years from the date of the execution of this Note, (b) the date the Property is sold or refinanced



without City approval, or (c) an Event of Default by Borrower which has not been cured as provided for in the City Loan Agreement. The termination date may be extended at the sole discretion of Lender provided the Borrower agrees to extend the Project Term of the Restricted Units.

8. Interest shall be due and payable to Lender for the preceding calendar year on the Payment Date. Interest due and unpaid in any given year shall accrue and be cumulative and shall be paid to Lender from City's Share received in subsequent years.
9. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Loan Agreement or this Note shall bear the simple interest rate of fifteen percent (15%) ("Default Rate") per annum, from the date due until the date paid.
10. On or before each Payment Date, the Borrower shall submit its audited Annual Financial Statements to the City for the preceding fiscal year together with, if any, the City's Share. Failure to do so will result in a default of the loan agreement. Once received on a timely basis, the City shall review and approve such financial statements and share of residual receipts, or request revisions, within ninety (90) days after receipt. In the event that the City determines as the result of its review that there is an understatement in the amount and payment of Residual Receipts due to the City, Borrower shall promptly pay to the City its share of such understatement, but in any event, within thirty (30) days of notice of such understatement. In the event that the City determines that there is an overstatement, the City shall promptly refund the amount to Borrower within thirty (30) days of such determination.

If contested, Borrower is required to pay under protest. Borrower shall have thirty (30) days from notice of obligation to submit, in writing, any contentions to the City. If the City receives contentions in writing, the City will have thirty (30) days upon receipt to respond.

If no written contentions are received by the City within the thirty (30) days, Borrower is deemed to concur with the obligation.

11. Residual Receipts shall be distributed as follows:
  - a. City shall receive an amount equal to fifty percent (50%) of Residual Receipts of the Project,
  - b. Borrower shall receive an amount equal to fifty percent (50%) of Residual Receipts of the Project.
12. City's share of Residual Receipts shall be applied first to pay current annual interest due, then the cumulative interest owed, and then to reduce the principal amount of the City Loan. Upon payment in full of the City Loan, Lender shall have no further right to payment of any portion of Residual Receipts.
13. The City Loan and all current and accrued interest thereon shall be due and payable immediately if the Project, or any portion thereof or interest therein, is sold, transferred, assigned or refinanced otherwise than in accordance with the City Loan Agreement. Leases in accordance with the City Loan Agreement shall not be in violation of the City Loan Agreement. However, upon Lender's approval of purchaser, the City Loan will be fully assumable by said purchaser.
14. The City Loan is a nonrecourse obligation of Borrower. Except for misappropriation of funds, neither the Borrower nor any other party shall have any personal liability for repayment of the City Loan. The sole recourse of Lender under this Note for repayment of the City Loan shall be the exercise of its rights against the Project and related security thereunder. However, nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement of all the rights and remedies of the Lender against all such security for the Notes, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the Notes as demand for money within the meaning of the California Code of Civil Procedure.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Notes; except nothing contained in the foregoing is intended to relieve the Borrower of personal liability for (1) fraud or willful misrepresentation; (2) failure to pay taxes, assessments or other charges (which are not contested by Borrower in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (3) the Borrower's indemnification obligations under the Loan Agreement; (4) misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds derived from the collateral security; and (5) payment to the Lender of any rental income or other income arising with respect to the Property received by the Borrower after the Lender has given notice to the Borrower of the occurrence of an Event of Default, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the Deed of Trust.

15. The Borrower shall have the right to prepay without penalty the obligation evidenced by this Note, or any part thereof, at any time and from time to time.
16. Subject to City Loan Agreement, Lender, at its option, may declare the City Loan immediately due and payable, together with any accrued interest thereon, if the Borrower fails to fulfill its obligations to Lender under the City Loan Agreement, this Note, City Deed of Trust, or any agreement or instrument executed in connection therewith.
17. All covenants, conditions and agreements contained in the City Deed of Trust, City Loan Agreement, and any Loan Documents in connection to the Project, are hereby made a part of this Note. Upon any Event of Default, as defined in the City Loan Agreement, Lender may exercise any other right or remedy permitted under the Loan Documents.

18. Upon an Event of Default, the outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate of fifteen percent (15%), payable from the date of such declaration until paid in full.
19. Upon an Event of Default, Lender is entitled to its equity share upon the sale of the property. HCIDLA will be entitled to a share in any appreciation that has occurred between the acquisition and the time of sale. HCIDLA's share in the appreciation will be equal to the proportion of the HCIDLA loan funds used in the purchase of the property or the amount of HCIDLA loan funds used to repay an acquisition bridge loan. Pursuant to 24 CFR 570.208, the City shall be reimbursed in the amount of the current fair market value of the Property, less any portion thereof attributable to expenditures of non-grant funds acquisition of, or improvement to, the Property.
20. In the event that any monetary provisions of the City Loan Agreement, City Regulatory Agreement, City Deed of Trust, and/or City Note conflict, the terms of the City Note and City Deed of Trust shall control. In the event that any monetary provisions of the City Note and City Deed of Trust conflict or in the event that any non-monetary provisions of the City Loan Agreement, City Regulatory Agreement, City Deed of Trust, and/or City Note conflict, the strictest provision shall control.

Borrower:

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

Hollywood Community Housing Corporation

A California non-profit corporation

By:

A California

Its:

By:

Name: William F. Harris

Title: Executive Director

By:

Name: Kyle B. Arndt

Title: Board Chair

EXHIBIT D  
LOAN AGREEMENT  
(1010 JEFFERSON)

NO FEE DOCUMENT

Recording requested by and  
when recorded, mail to:

City of Los Angeles  
City of Los Angeles Housing and Community Investment Department  
P.O. Box 532729  
Los Angeles, CA 90053-2729  
Attn: Monitoring and Technical Assistance Division  
(HIMS No. \_\_\_\_\_)

Assessor's Identification Numbers: 5114-015-045, -046, -047, -048,  
5114-015-907, -908, -909, -910 (Previous Assessor's Identification  
Numbers: 5114-015-010, -011, -012, -013)

CITY DEED OF TRUST  
ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT

(Securing loan of \$1,200,000)

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("Deed of Trust") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by Hollywood Community Housing Corporation, a California non-profit corporation ("Trustor"), to Commonwealth Land Title Company, a California corporation, as trustee ("Trustee"), for the benefit of the City of Los Angeles, a municipal corporation ("Beneficiary"). This Deed of Trust is being executed in order to secure Beneficiary's interest as a governmental agency in ensuring both that public funds loaned for project development are repaid, and that housing projects assisted by public funds are developed and operated in a manner that is consistent with the public interest.

GRANT IN TRUST

1. **GRANT.** Trustor, in consideration of the indebtedness referred to below, hereby irrevocably grants and conveys to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor's interest in the property located

at 1010 E. Jefferson Boulevard, Los Angeles, California 90011-2433, and described in the attached Exhibit A, incorporated herein by this reference (the "Property");

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed therein or any such material and equipment purchased with Loan proceeds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to development on the Property; all rents and income generated by the Property or improvements thereon (subject however to the assignment of rents to Lender contained herein); all leases, subleases and rental agreements covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, or payments of similar nature with respect to such leases, subleases, or rental agreements; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any street, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible property and rights relating to the Property or operations on the Property, including trade names, goodwill,

trademarks, and service marks; all government permits, approvals, and map rights related to construction on the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction of improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or Hazardous Materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

Notwithstanding anything set forth hereinabove to the contrary, the following shall be specifically excluded therefrom: any and all inventory, equipment and articles of personal property or trade fixtures used by Trustor specifically in the operation of Trustor's business, whether or not attached to or installed on the Property, and which may be removed without material injury to the buildings or structures to which they are attached.

All of the foregoing, together with the Property, is herein referred to as the "Security."

#### OBLIGATIONS SECURED

2. **OBLIGATIONS.** Trustor makes this grant for the purpose of securing the following obligations:

- A. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of One Million Two Hundred Thousand Dollars (\$1,200,000) with interest thereon (the "Loan") evidenced by a promissory note executed by Trustor as Borrower (the "Note", on file at the offices of Beneficiary, which is hereby incorporated into this Deed of Trust by this reference) or as much as has been disbursed to Trustor therewith, along with any extensions, amendments, modifications, or renewals to the Note; and
- B. Payment of any sums advanced by Beneficiary to protect the security and priority of this Deed of Trust; and
- C. Payment of any sums advanced by Beneficiary following a breach of Trustor's obligation to advance said sums and



the expiration of any applicable cure period, with interest thereon as provided herein; and

- D. Performance of every obligation, covenant or agreement of Trustor contained in this Deed of Trust, the Note, the loan agreement executed between Trustor and Beneficiary for this loan (the "Loan Agreement", on file at the offices of Beneficiary, which is hereby incorporated into this Deed of Trust by this reference), and the regulatory agreement executed between Trustor and Beneficiary of even date herewith (the "Regulatory Agreement"), including all modifications, extensions and renewals of these obligations; and
- E. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary, where such evidence of obligation or indebtedness specifically recites that it is secured by this Deed of Trust; and
- F. Performance of any obligations of Trustor in any other agreements with respect to financing of the Project or the Security the absence of which should adversely affect Beneficiary, whether or not Beneficiary is a party to such agreements.

#### ABSOLUTE ASSIGNMENT OF RENTS AND RIGHT TO POSSESSION

3. **ASSIGNMENT.** As additional security, Trustor hereby assigns to Beneficiary: (a) all of the rents, revenues, profits, and income from the Security, any deposits now or hereafter in Trustor's possession which have been collected with respect to the Security, and any reserve or capital funds now or hereafter held by Trustor with respect to construction or operation of the Security (collectively, the "Rents"); and (b) the right to enter, take possession of, and manage the Security; provided however that Trustor shall have, before an Event of Default, the exclusive right to possess the Security and to collect Rents and use them in accordance with the Loan Documents. This assignment is intended to be an absolute and present transfer of Trustor's interest in existing and future Rents, effective as of the date of this Deed of Trust.

4. **ENFORCEMENT.** Upon the happening of an Event of Default which remains uncured after expiration of the applicable cure period pursuant to the terms of the Loan Agreement or other Loan Documents, and written notice to Trustor, Beneficiary may, in

addition to other rights and remedies permitted by the Loan Agreement, this Deed of Trust, or applicable law, (a) enter upon, take possession of, and manage the Security, either in person as a mortgagee-in-possession, by agent, or by a receiver appointed by a court, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Security, (b) collect all Rents, including those past due and unpaid, and apply the same to pay for the costs and expenses of operation of the Security, including attorneys' fees, and pay off any indebtedness secured by this Deed of Trust, all in such order as Beneficiary may determine, (c) enter upon and take possession of the Security, and complete construction of any improvements on the Security as provided for in the Plans and Specifications approved under the Loan Agreement or any modifications to the Plans and Specifications or the Project that Beneficiary in its sole discretion believes is appropriate, and/or (d) Beneficiary may make, cancel, enforce, and modify leases and rental agreements, obtain and evict tenants, set and modify rent terms, sue for rents due, enter into, modify, or terminate any contracts or agreements, or take any legal action, as it deems necessary with respect to the Rents or to development or operation of the Security.

5. **APPOINTMENT OF A RECEIVER.** In any action to enforce this assignment, Beneficiary may apply for the appointment of a receiver to take possession of the Security and take whatever measures are necessary to preserve and manage the Security for the benefit of Beneficiary and the public interest. Trustor hereby consents to the appointment of a receiver. The receiver shall have all of the authority over the Security that Beneficiary would have if Beneficiary took possession of the Security under this assignment as a mortgagee-in-possession, including the right to collect and apply Rents and the right to complete construction of improvements.

6. **NO WAIVER OF POWER OF SALE.** The entering upon and taking possession of the Security and the collection of Rents shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or notice of default and, notwithstanding the continuance in possession of the Security or the collection and application of Rents, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

COMMERCIAL CODE SECURITY AGREEMENT

7. **GRANT.** This Deed of Trust is intended to be a security agreement and financing statement pursuant to the California Commercial Code for any of the items specified above as part of the Security which under applicable law may be subject to a security interest pursuant to the Commercial Code, and Trustor hereby grants Beneficiary a security interest in said items. Beneficiary may file a copy of this Deed of Trust in the real estate records or other appropriate index as a financing statement for any of the items specified as part of the Security. Trustor shall execute and deliver to Beneficiary at Beneficiary's request any financing statements, as well as extensions, renewals, and amendments thereof, and copies of this instrument in such form as Beneficiary may require to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and shall pay all reasonable costs of any record searches for financing statements and releases. Without the prior written consent of Beneficiary, Trustor shall not create or permit any other security interest in said items.

8. **REMEDIES.** Upon occurrence of an Event of Default by Trustor on any obligation or agreement in the Loan Documents, Beneficiary shall have the remedies of a secured party under the Commercial Code and at Beneficiary's option may also invoke the remedies provided for elsewhere in this Deed of Trust with respect to said items. Beneficiary may proceed against the items of real property and personal property specified above separately or together and in any order whatsoever.

RIGHTS AND OBLIGATIONS OF TRUSTOR

9. **PERFORMANCE OF SECURED OBLIGATION.** Trustor shall promptly perform each obligation secured by this Deed of Trust.

10. **PAYMENT OF PRINCIPAL AND INTEREST.** Trustor shall promptly pay when due the principal and interest on the indebtedness evidenced by the Note.

11. **MAINTENANCE OF THE SECURITY.** Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants,

conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Security in accordance with the standards in this Deed of Trust, the Loan Agreement, or the Regulatory Agreement, Beneficiary, after at least seven (7) calendar days prior written notice to Trustor and after any applicable cure periods, may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

12. **INSPECTION OF THE SECURITY.** Trustor shall permit Beneficiary to enter and inspect the Security for compliance with these obligations upon twenty four (24) hours advance notice of such visit by Beneficiary to Trustor or Trustor's management agent.

13. **LIENS, ENCUMBRANCES, AND CHARGES.** Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over this Deed of Trust, as provided for in the Loan Agreement.

14. **DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security.

15. **SUITS TO PROTECT THE SECURITY.** Following reasonable notice to Trustor, Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain the enforcement of or compliance with any governmental legislation, regulation, or

order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.

16. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed by an insurable cause, Trustor shall, at its cost and expense, repair or restore said buildings and improvements consistent with the original plans and specifications. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one (1) year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Trustor shall make up the deficiency.

17. **TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber.

18. **GRANTING OF EASEMENTS.** Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to the Security except those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or those required by law.

19. **TAXES AND LEVIES.** Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has given written notice to Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice.

Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event

such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

20. **INSURANCE.** Trustor shall provide such insurance as required under the Loan Agreement and the Regulatory Agreement. In the event Trustor fails to maintain the full insurance coverage required by this Deed of Trust, Beneficiary, after at least seven (7) business days prior written notice to Trustor, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

21. **CONDEMNATION.** All judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking all or any part of or interest in the Security under assertion of the power of eminent domain ("Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as Beneficiary shall determine at its sole option. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Funds or any portion thereof to the indebtedness or other obligations, apply such portion of the Funds as is reasonable and necessary to repair and preserve the value, marketability and rentability of the Security.

22. **ACCELERATION ON TRANSFER OF SECURITY; ASSUMPTION.** In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this Deed

of Trust to be immediately due and payable. This option shall not apply in case of:

- A. the grant of a tenant, leasehold, or fee interest to qualifying households who will occupy Project units as provided for under the Loan Documents and the Regulatory Agreement; or
- B. sale or transfer of fixtures or personal property pursuant to the grant provisions in this Deed of Trust; Consent to one (1) sale or transfer shall not be deemed to be a waiver of the right to require such consent to future or successive transactions.

23. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the Loan Documents. Upon written request of Beneficiary stating that all obligations secured by this Deed of Trust have been paid and performed, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

#### DEFAULT AND REMEDIES

24. **EVENTS OF DEFAULT.** Any of the events listed in the Loan Agreement as an Event of Default shall also constitute an Event of Default under this Deed of Trust, including, but not limited to, (1) Trustor's failure to pay when due any sums payable under this Deed of Trust, the Note, or the Loan Agreement; (2) Trustor's failure to observe or to perform any of its other covenants, agreements or obligations under this Deed of Trust, the Note, or the Loan Agreement; or (3) Trustor's failure to make any payment or perform any of its other covenants, agreements, or obligations under any other agreement with respect to financing for the Project or the Security, whether or not Beneficiary is a party to such agreement.

Notwithstanding anything to the contrary set forth herein, any "Event of Default" described hereinabove shall not constitute an "Event of Default" for the purposes of this Deed of Trust or any other Loan Document if the defaulting party cures, corrects or remedies the Event of Default within (a) thirty (30) calendar days (ten (10) calendar days if the Event of Default is monetary) from receipt from the non-defaulting party of notice pursuant to the terms of the Loan Agreement, or (b) solely in the event of a non-

monetary Event of Default, if such non-monetary default cannot be reasonably cured within thirty (30) days, such longer period as is necessary to cure such default, provided the defaulting party commences the cure within the thirty (30) day period from receipt of the aforementioned notice and diligently prosecutes such cure to completion.

Notwithstanding anything to the contrary contained herein, the Beneficiary hereby agrees that any cure of any default made or tendered by one or more of Trustor's limited partners shall be deemed to be a cure by Trustor and shall be accepted or rejected on the same basis as if made or tendered by Trustor.

25. **ACCELERATION OF MATURITY.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Loan Agreement, Beneficiary may declare all sums advanced to Trustor under the Note and this Deed of Trust immediately due and payable.

26. **BENEFICIARY'S REMEDIES.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Loan Agreement, Beneficiary may, in addition to other rights and remedies permitted by the Loan Agreement, the Note, or applicable law, proceed with any or all of the following remedies:

- A. Enforce the assignment of rents and right to possession as provided for in this Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;
- B. Enter the Security and take any actions necessary in its judgment to complete construction on the Security as permitted under the Assignment of Development Rights executed by Trustor (on file with Beneficiary) and the assignment of rents and right to possession in this Deed of Trust, either in person or through a receiver appointed by a court;
- C. Disburse from Loan proceeds any amount necessary to cure any Monetary Default under this Deed of Trust, the Loan Agreement, or the Note;
- D. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Sections 725a, et seq., and/or seek appointment of a receiver from



a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;

- E. Deliver to Trustee a written declaration of Default and demand for sale, and a written Notice of Default and election to cause Trustor's interest in the Security to be sold, which notice Trustee or Beneficiary shall duly file for record in the Official Records of Los Angeles County, and exercise its power of sale as provided for below; or
- F. Pursue any other rights and remedies allowed at law or in equity.

27. **FORECLOSURE BY POWER OF SALE.** Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the Note are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the sale.

Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and

from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: (i) first, to the payment of all sums then secured by this Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines, and (ii) the remainder, if any, to the person or persons legally entitled thereto.

28. **REMEDIES CUMULATIVE.** No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

#### GENERAL PROVISIONS

29. **GOVERNING LAW.** This Deed of Trust shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

30. **STATEMENT OF OBLIGATION.** Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

31. **CONSENTS AND APPROVALS.** Any consent or approval of Beneficiary required under this Deed of Trust shall not be unreasonably withheld.

32. **TIME.** Time is of the essence in this Deed of Trust.

33. **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Trustor and Beneficiary shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Trustor and Beneficiary as follows:

**Beneficiary:** City of Los Angeles  
Housing and Community Investment Department  
P.O. Box #532729  
Los Angeles, CA 90053-2729  
Attention: Monitoring and Technical Assistance  
Division

**Trustor:** Hollywood Community Housing Corporation  
5020 Santa Monica Boulevard  
Los Angeles, CA 90029  
Attention: Executive Director

34. **BINDING UPON SUCCESSORS.** All provisions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

35. **WAIVER.** Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

36. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

37. **CONFLICTS BETWEEN CITY DOCUMENTS.** In the event that any monetary provisions of the City Loan Agreement, City Regulatory Agreement, City Deed of Trust, and/or City Note conflict, the terms of the City Note and City Deed of Trust shall control. In the event that any monetary provisions of the City Note and City Deed of Trust conflict or in the event that any non-monetary provisions of the City Loan Agreement, City Regulatory Agreement, City Deed of Trust, and/or City Note conflict, the strictest provision shall control, except that Trustor shall have no defense or claim that this instrument does not establish a valid lien on the Property or Security.

38. **DEFINITIONS.** Capitalized terms not otherwise defined in this Deed of Trust shall have the same meaning as defined terms in the Loan Agreement.

39. **PROOFS OF CLAIM.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

40. **SEVERABILITY.** Every provision of this Deed of Trust is intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be considered to have been first paid or applied to the payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

41. **SUBSTITUTION OF TRUSTEES.** Beneficiary may from time to time appoint another trustee to act in the place and stead of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee. Each such appointment and substitution shall be made by a written instrument executed by Beneficiary containing reference to this Deed of Trust and its place of record, which when duly recorded in the Los Angeles County Office of the Recorder shall be conclusive proof of proper appointment of the successor trustee.

42. **ACCEPTANCE BY TRUSTEE.** Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

43. **NONRECOURSE.** The loan secured by this Deed of Trust is a nonrecourse obligation of Trustor. Neither Trustor nor any other party shall have any personal liability for repayment of the Loan.

The sole recourse of Beneficiary for repayment of the Principal and interest shall be the exercise of Beneficiary's rights against the Property. However, nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement of all the rights and remedies of the Beneficiary against all such security for the City Notes, or (b) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the City Notes as demand for money within the meaning of the California Code of Civil Procedure.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Notes; except nothing contained in the foregoing is intended to relieve the Trustor of personal liability for (1) fraud or willful misrepresentation; (2) failure to pay taxes, assessments or other charges (which are not contested by Trustor in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (3) the Trustor's indemnification obligations under the Loan Agreement; (4) misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds derived from the collateral security; and (5) failure to pay to the Beneficiary any rental income or other income arising with respect to the Property received by the Trustor after the Beneficiary has given notice to the Trustor of the occurrence of an Event of Default, subject to the rights of any lender providing a loan secured by the Property to which the Beneficiary has subordinated the City Deed of Trust.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

Trustor:

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2015  
Hollywood Community Housing Corporation  
A California non-profit corporation  
By: \_\_\_\_\_  
A California  
Its:

By: \_\_\_\_\_  
Name: William F. Harris  
Title: Executive Director

By: \_\_\_\_\_  
Name: Kyle B. Arndt  
Title: Board Chair

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

THE CITY OF LOS ANGELES  
Housing and Community Investment Department

By: \_\_\_\_\_  
HELMI HISSERICH,  
Assistant General Manager

APPROVED AS TO FORM:  
MICHAEL N. FEUER, City Attorney

By: \_\_\_\_\_  
Deputy/Assistant City Attorney

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

ATTEST:  
HOLLY L. WOLCOTT, City Clerk

By: \_\_\_\_\_  
Deputy City Clerk

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

THIS DOCUMENT MUST BE NOTARIZED FOR RECORDING