

EXHIBIT E
LOAN AGREEMENT
(1010 JEFFERSON)

BUDGET AND ELIGIBLE COSTS

I. Use of Funds totaling \$1,200,000:

A. Acquisition Costs* \$1,200,000
(CDBG Funds)

B. Permanent Costs (All Previously Disbursed Funds)

and any other items approved in writing by Lender.

Note: Project costs which were incurred before this Loan was approved by the HCIDLA are also eligible for reimbursement, if appropriately documented and approved, by the HCIDLA.

Undisbursed Loan funds in one category or line item (e.g., insurance costs) may not be applied to another category or line item (e.g., interest reserve) unless the Budget expressly and specifically allows such use or Lender consents to the specific use in writing.

In its sole discretion, HCIDLA may approve changes in the budget by the execution of an approval letter stating the reasons for the changes which shall include an attached modified budget. Borrower shall adhere to the modified budget. Line item increases are to be first funded from the contingency line item, then from any costs savings in any one line item.

*Seller take back financing - no new funds are being disbursed.

EXHIBIT F
LOAN AGREEMENT
(1010 JEFFERSON)

METHOD OF FINANCING

Total Development Cost for the Project is \$1,200,000.

The anticipated interim and permanent sources of funding for the Project are as follows and listed in order of lien priority:

A. Interim Financing:

Acquisition Loan (City of LA)	<u>\$1,200,000</u>
Total Interim Financing	\$1,200,000

B. Permanent Financing:

Acquisition Loan (City of LA)	<u>\$1,200,000</u>
Total Permanent Financing	\$1,200,000

Borrower shall promptly inform Lender of any changes in the amount, terms, and/or sources of financing or funding for the Project. Unless otherwise approved by Lender, any increases in a financing source shall be utilized to reduce the Loan amount where feasible. Unless otherwise approved by Lender, any cost savings and unused contingency funds shall be utilized to reduce Lender's loan.

Deferred developer fees shall be drawn from project cash flow over the first fifteen (15) years of project operation.

EXHIBIT G
LOAN AGREEMENT
(1010 JEFFERSON)

LOAN DISBURSEMENT

[INTENTIONALLY DELETED]

EXHIBIT H
LOAN AGREEMENT
(1010 JEFFERSON)

CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans
and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL "Disclosure Form to Report Lobbying" in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

EXHIBIT H
LOAN AGREEMENT
(1010 JEFFERSON)

CERTIFICATION REGARDING LOBBYING CONTD.

4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31, U.S. Code, Section 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than Ten Thousand Dollars (\$10,000) for each such failure.

Date

Hollywood Community Housing Corporation 5020 Santa Monica Blvd
Name of Business/Borrower Address

Los Angeles, Los Angeles, California
City/County/State

.....
Signature of Authorized Officer or Representative Print Name

.....
Title Telephone Number

EXHIBIT I
LOAN AGREEMENT
(1010 JEFFERSON)

CERTIFICATION REGARDING DEBARMENT

Instructions for Certification

1. By signing and submitting this document, the prospective recipient of Federal assistance funds is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to which this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.

EXHIBIT I
LOAN AGREEMENT
(1010 JEFFERSON)

CERTIFICATION REGARDING DEBARMENT CONTD

5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non-Procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

EXHIBIT I
LOAN AGREEMENT
(1010 JEFFERSON)

CERTIFICATION REGARDING DEBARMENT CONTD

9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Date

Hollywood Community Housing Corporation 5020 Santa Monica Blvd.
Name of Business/Borrower Address

Los Angeles, Los Angeles, California
City/County/State

Signature of Authorized Officer or Representative Print Name

Title Telephone Number

EXHIBIT J
LOAN AGREEMENT
(Project)

UCC-1

J - (1 of 1)

EXHIBIT K
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, 5114-05-907, -908, -909, -910 (Previous Assessor's
Identification Numbers: 5114-015-010, -011, -012, -013)

REGULATORY AGREEMENT

This Regulatory Agreement is made this
day of _____, 2015 by and between the
City of Los Angeles, a municipal corporation (the "City"), and
Hollywood Community Housing Corporation, a California non-profit
corporation ("Owner" or "Borrower").

RECITALS

A. The City wishes to promote the construction of
multifamily rental housing within the City of Los Angeles.

B. 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.

C. CDBG Funds were provided in the 32nd 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, 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.

D. 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.

E. 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. 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.

F. The use of the CDBG Funds are as follows:

	Acquisition	Predevelopment	Construction	Total
CDBG	\$1,200,000			\$1,200,000

G. 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 units shall be rented at prices affordable to 60% Income Households as defined in this City Loan Agreement for the project ("Project"), and one (1) unrestricted manager's unit and as allowed under Proposition B of the 2008 Los Angeles City Special Municipal Election.

H. The purpose of this Regulatory Agreement is to regulate and restrict the occupancy, rents, operation, ownership, and management of the Property for the benefit of Property, occupants and the people of the City of Los Angeles. The covenants in this Regulatory Agreement are intended to run with the land and be binding on Owner and Owner's successors for the full term of this Regulatory Agreement.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the aforementioned funding, Owner and City hereby agree as follows:

DEFINITIONS

The following terms have the meanings and content set forth in this section wherever used in this Regulatory Agreement or attached exhibits.

1. "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 the 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.

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

3. "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.

4. "CITY" is the City of Los Angeles, a municipal corporation, and its officers, officials, directors, employees, agents and authorized representatives.

5. "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 Owner as Trustor with City as

beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust.

6. "CITY LOAN AGREEMENT" means the loan agreement(s) executed concurrently with this Regulatory Agreement by Owner and the City which governs the City Loan, as well as any amendments to, modifications of, or restatements of said loan agreement(s). The City Loan Agreement(s) are on file with the City of Los Angeles Housing and Community Investment Department.

7. "CITY LOAN" is any loan of funds provided by the City to Owner for the Project.

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

9. "CITY NOTE" means any promissory note executed by Owner in favor of the City, directly or by assignment, evidencing any part of the City Loan, which is secured by the City Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note(s). The City Note(s) is on file with the City of Los Angeles Housing and Community Investment Department.

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

11. "ELIGIBLE COSTS" means those costs for which Loan proceeds may be used as specified in the City Loan Agreement, and any revisions to the City Loan Agreement that are approved in writing by City. In addition, other items may be Eligible Costs if approved in writing by City.

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

13. "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.

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

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

16. "FAMILY INCOME" means the gross amount of income of all Adult Household 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.

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

18. "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.

19. "LOAN" means the loan of funds provided by City to Owner pursuant to this City Loan Agreement.

20. "LOAN AGREEMENT" and "CITY LOAN AGREEMENT" means the loan agreement entered into between City and Owner.

21. "LOAN DOCUMENTS" are collectively the City Loan Agreement, the City Note, the City Deed of Trust, this 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.

22. "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.

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

24. "PROJECT" means the construction and operation of the Property for residential use according to the terms of the City Loan Agreement and the Regulatory Agreement.

25. "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.

26. "PROPERTY" means the real property described in the attached Exhibit A, which is hereby incorporated into this Regulatory Agreement by this reference, and any buildings or Improvements now or hereafter situated on said real property.

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

28. "QUALIFYING RENT" means the maximum rent for an Assisted Unit allowed under the City Loan Agreement and this 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 Owner 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.

29. "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 B, and which is designated to be rented at a Qualifying Rent as set forth in Exhibit B.

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

31. "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.

OWNER'S OBLIGATIONS

32. **COMPLIANCE WITH CITY LOAN DOCUMENTS.** Owner's actions with respect to the Property and the use of City Loan funds shall at all times be in full conformity with all of the requirements of the City Loan Documents.

33. **TERM OF AGREEMENT.** This Regulatory Agreement shall be in effect for the twenty (20) year period from the date of Project Completion.

The term of the entire Regulatory Agreement shall be in full force and effect, regardless of any expiration of the term of any City Loan, any payment or prepayment of any City Loan, any assignment of a City Note, any reconveyance of a City Deed of Trust, or any sale, assignment, transfer, or conveyance of the Property, unless terminated earlier by the City in writing or extended by the mutual consent of the parties. However, failure to record this Regulatory Agreement or the certificate by the City shall not relieve Owner of any of the obligations specified herein.

34. **COMPLIANCE WITH FUNDING REQUIREMENTS.** The funds are from the 32nd 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. Council File number 15-1183 authorized the sale of the Property and issuance of this Loan. Owner must comply with all the requirements imposed on properties assisted under the applicable sources of funds:

- A. CDBG Funds - all federal statutes and regulations pertaining to the Community Development Block Grant program, including, but not limited to 42 USC §5301 *et seq.*, and 24 CFR Parts 84, 85, and 570 *et seq.*,
- B. Borrower does hereby acknowledge receiving a copy of the applicable grant agreements (the "Grant Agreements") for the Grant Funds which are intended to be disbursed to, or make available for, the development of the Project. Borrower does hereby agree to comply with the terms of each Grant Agreement

and does hereby agree to indemnify and hold the City harmless for any act related to the Borrower's use of the Grant Funds. Borrower acknowledges and agrees that the City's disbursement of the Grant Funds constitutes additional financial assistance on the part of the City and that Borrower is subject to continued compliance with the terms and conditions of all relevant portions of the Grant Agreements, this Loan Agreement (collectively the "Grant Disbursement Agreements"). Borrower's obligations under the Grant Disbursement Agreements shall survive the repayment of the City Loan, the termination of the Regulatory Agreement and the conveyance of the Deed of Trust, unless the City has issued a written release or a notice satisfaction of the terms of the grant agreement(s).

- C. Any other implementing rules and regulations are incorporated by this reference.
- D. In the event of any conflict between this Regulatory Agreement and the regulations of the applicable source of funds, the most restrictive requirement shall govern.

PROJECT OCCUPANCY AND RENTS

35. OPERATION OF PROPERTY. Owner and its agents shall lease, operate and manage the Property after completion in full conformance with the terms of the Regulatory Agreement.

Owner agrees to: (1) maintain and operate the Assisted Units so as to provide decent, safe, and sanitary housing; and (2) provide the Assisted Units with the same level of services (including security), amenities, and maintenance as are applied to the other dwelling units on the Property. Amenities that are provided to non-assisted unit households include, but are not limited to, access to recreational facilities, parking, cable TV, and interior amenities such as dishwashers and microwave ovens. Optional services provided must be available to all residents under the same terms and conditions. All incentives such as rent specials must be offered to all new residents, not only residents of non-assisted units. Borrower is prohibited from charging fees that are not customarily charged in rental housing in that housing area. Borrower must ensure that any fee charged to a tenant or prospective tenant is reasonable,

customary, and complies with 24 CFR 92.504(c)(3)(xi).

Borrower agrees that during the term of the Regulatory Agreement, HCIDLA shall have the right to review, approve and request changes to the Property Management Plan, operation of the building and Property management entity, in order to preserve the affordability, physical appearance and condition of the Project.

36. **DESIGNATED ASSISTED UNITS.** Borrower must comply with all rules and regulations of each funding source. In compliance with 24 CFR 92.252(j), at the time of the execution of this agreement, the borrower must designate the HOME assisted units as fixed or floating HOME units. The address or unit number of the HOME-restricted units must be specified and reported to the Lender at the time of initial occupancy. Fixed units remain as the same unit throughout the period of affordability. Floating units may change from comparable unit to comparable unit in order to maintain conformity with HOME Regulations Section 92.252. If the rental housing project has floating HOME units, the Borrower must provide the Lender with information regarding unit substitution. The designated Assisted Units on the Property shall meet the following standards:

- A. Generally reflect the average number of bedrooms per dwelling unit and average square footage of non-assisted units on the Property;
- B. Be similarly constructed and of comparable quality to all other units on the Property;
- C. Be dispersed throughout the Property; and
- D. Provide tenants access and enjoyment of all common areas and facilities of the Property on the same basis as tenants of other units.
- E. All accessible units in the Project shall meet the standards listed in sections A-D above.

37. **LEASING THE PROPERTY.** Before leasing any portion of the Property, Owner shall submit its proposed form of lease for City's review and approval. The term of the written Lease shall be for no less than one (1) year unless mutually agreed upon by Owner and tenant, which shall not be for less than thirty (30) days, and shall not contain any provision, nor subsequent

modification thereto, which is prohibited by 24 C.F.R. Section 92.253(b) or any State or City tenant-landlord laws . Any termination of the Lease or refusal to renew must be in conformance with 24 C.F.R. 92.253(c) and any other applicable laws and must be preceded by not less than thirty (30) days written notice to the tenant by the Owner specifying the grounds for the action.

A. Assisted Units

1. All Assisted Units shall be leased and shall not be withdrawn from the market. Assisted Units shall be rented in a manner consistent with the Space and Occupancy Standards set forth in Chapter 5 of the Uniform Housing Code (1997) and any subsequent amendments, and in such a manner that there is no under-utilization of the floor space of Assisted Units. Owner shall utilize lease provisions requiring any household occupying and not needing the accessibility features of an accessible unit to move to another unit of appropriate size in the even another occupant household of the Project or an applicant household needs the features of the accessible unit.
2. If one (1) of the Assisted Units becomes vacated, Owner shall make reasonable attempts to rent that particular Assisted Unit, or identify another unit as an Assisted Unit.
3. During the initial lease up, and upon vacancies of an Assisted Unit, Owner shall make reasonable efforts to advertise to Eligible Households. The affirmative marketing requirements and procedures adopted must meet the requirements of federal fair housing laws and the City's affirmative marketing policy. Owner shall obtain and comply with the City's affirmative marketing guidelines contained within the Property Management Plan Packet from HCIDLA. All affirmative marketing requirements must be followed throughout the affordability period.

B. The Owner shall provide to each tenant, the following:
(1) a signed copy of the lease and/or rental agreement; and

(2) a signed copy of the supplemental agreement to the lease or rental agreement ("Mandatory Addendum").

C. Owner must submit evidence of marketing efforts and a marketing plan to the City if all restricted units are not occupied by eligible tenants within six (6) months following the date of the Temporary Certificate of Occupancy. Borrower will be in default of this Agreement if any restricted unit has not been rented to eligible tenants within twelve (12) months after the date of the Temporary Certificate of Occupancy.

D. Borrower shall, consistent with the approved Property Management Plan for the Project, Lender's affirmative fair housing marketing guidelines and the requirements of Section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 C.F.R. Part 8, develop and carry out procedures to inform eligible persons with disabilities about the availability of accessible units at the Project. First, Borrower shall offer any vacant accessible unit to a household, living in the Project, which has a household member needing the features of that unit and occupies a unit that is not accessible. Second, Borrower shall offer the accessible unit to the first household on the Borrower's waiting list with a household member needing the features of the unit. Third, Borrower shall offer the accessible unit to any other family, consistent with the waiting list requirements of Section 3.6. Borrower shall utilize lease provisions requiring any household occupying and not needing the accessibility features of an accessible unit to move to another unit of appropriate size in the event another occupant household of the Project or an applicant households need the features of the accessible unit. The expenses related to moving tenants due to the need for an accessible unit is an eligible project cost in accordance with Exhibit B, Definitions for Operating Expenses.

38. **TENANT SELECTION.** Before leasing the Property, Owner must provide City for its review and approval Owner's written tenant selection plan which shall be consistent with the requirements of the Lender and the rules and regulations of each funding source. Prior to leasing any Restricted Unit, Owner's tenant selection plan must, at a minimum, meet the requirements for tenant selection set out in 24 C.F.R. 92.253(d) and any modifications thereto.

Owner shall rent the Assisted Units to any Eligible Household according to the tenant selection plan. Owner shall verify the prospective tenant's eligibility and shall require from each tenant documentation that such household's income from all sources does not exceed allowable limits as described in Exhibit B.

Owner shall maintain and select tenants from a written waiting list in the chronological order of their application provided that accessible units shall be offered on a preferential basis to the first household on the waiting list with a family member needing the features of such a unit. Said waiting list shall also include information indicating the applicants who requested an accessible unit. Owner shall provide said waiting list to any subsequent owner and/or property manager. Upon a vacancy in an accessible unit, the unit shall be offered first to any resident household of the Project with a family member needing the features of the unit, then to the first household on the Project waiting list with a family member needing the features of the unit, and then to any other household on the waiting list in a manner consistent with the provisions of this Agreement. Owner shall utilize lease provisions requiring any household occupying and not needing the accessibility features of an accessible unit to move to another unit of appropriate size in the event another occupant household of the Project or an applicant household needs the features of the accessible unit.

Owner shall give priority for Assisted Units to Qualified Households who have been displaced as a result of the City of Los Angeles' public projects.

Borrower shall require each prospective tenant to certify under penalty of perjury that they are not (a) an owner, developer or sponsor of the project; (b) an officer, employee, agent, consultant or elected or appointed official of the owner, developer or sponsor; or (c) a member of the Immediate Family of such person described in subsections (a) and (b). Borrower shall not rent any unit of the Project to any of said individuals. Any exceptions shall be requested in writing and subject to consideration in accordance with applicable policies, procedures and regulations.

39. **INCOME CERTIFICATION.** Owner shall limit for the full term of the Regulatory Agreement the rental of Assisted Units to Qualifying Households according to the schedule contained in

Exhibit B. The income levels and other qualifications of applicants for Assisted Units shall be certified within ten (10) business days prior to the household's expected occupancy of one (1) of the units. No tenant shall occupy an Assisted Unit prior to income eligibility determination and certification by Borrower.

Upon the closing of the initial occupancy, and annually thereafter Owner shall provide the City with an occupancy summary report showing the name of each tenant, unit occupied by each tenant, tenant income, rent paid, and any other information which the City requests and which relates to the eligibility of these households. The income will be calculated using part 5 (Section 8) definition of Income and adhere to section 24 CFR 92.252. If the household size of an Eligible Household changes, Owner shall provide the City may with the additional income documentation to determine eligibility. If the City determines that the Eligible Household is no longer an Eligible Household, such Unit will continue to be treated as an Assisted Unit until the next available unit of comparable size on the Property is rented to a person who qualifies for an Assisted Unit.

The City may require the Owner, at any time, to re-examine for compliance with the Exhibit B, the income of each tenant household and immediately submit its findings to the City.

40. **AFFORDABILITY RESTRICTIONS.** The affordability of the Project shall be maintained as follows:

- A. Twelve (12) one-bedroom, seventeen (17) two-bedroom, and eleven (11) one-bedroom units in the Project shall at all times be occupied or held vacant and available for rental by 60% Income Households.
- B. Income determination shall be made at the time of initial occupancy of a unit by a tenant.
- C. All units are described and limited as set forth in Exhibit B.

41. **ACCESSIBLE UNITS.** The following types of units shall be made available to persons with disabilities who have need of the unit improvements:

10% of the total units in the project shall be constructed and maintained by the Owner as accessible units for persons with

mobility impairments and an additional 4% of the total units shall be constructed and maintained by the Owner as accessible units for persons with sensory impairments in compliance with the applicable provisions of the Americans with Disabilities Act as amended, 42 U.S.C. §12101, et seq and its implementing regulations at 28 C.F.R. Parts 35 and 36 (ADA), Section 504 of the Rehabilitation Act of 1973 as amended, 29 U.S.C. §794 and the implementing regulations of HUD at 24 C.F.R. Part 8, the Fair Housing Act as amended, 42 U.S.C. §3601, et seq and its implementing regulations at 24 C.F.R. Part 100, any applicable state and local laws, and any requirements of the City. The specific unit types shall be described in Exhibit K(B). Within 15 working days of the temporary Certificate of Occupancy being issued, Owner shall provide a list to HCIDLA of all accessible units with unit number, bedroom size and type of impairment for which the unit has been made accessible. Units must be in accordance with the standards enumerated in Section 36 Designated Assisted Units.

42. **PROJECT RENTS.** Rents for Restricted Units shall be limited to Qualifying Rents as set forth in Exhibit B. Qualifying Households shall be given at least thirty (30) days written notice prior to any rent increase.

The maximum allowable rent that may be charged for a Restricted Unit may change from time to time when there are changes in the Area Median Income as published by HUD, or when there are changes made to the allowances deducted for tenant paid Utilities as calculated by the City of Los Angeles, subject to HUD rules and regulations. In no event, however, will the resulting maximum allowable rent for a Restricted Unit exceed the HUD fair market rents set for rental housing units of the same number of bedrooms for the area.

Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that, no Qualifying Household shall have a rent increase sooner than one (1) year after initial occupancy, and provided further, rents for Restricted Units shall not have an annual increase in excess of the percentage increase in the county median income for the applicable year in which the rent increase is being considered, nor shall there be an accumulation of rental increases from year to year for those years in which the Borrower chose not to increase rents by the percentage allowed herein.

Notwithstanding the above, rental limits on units that have been allocated low income housing tax credits by a housing credit agency pursuant to Section 42 of the Internal Revenue Code of 1989 (26 U.S.C. 42), may have their rents raised in accordance with HUD and tax credit regulations during the term of the tax credit allocation and regulatory period.

For projects subject to the City's Rent Stabilization Ordinance, the maximum rent increase allowed by that ordinance may be less or more than that allowed by changes in the Area Median Income. In such instances, the rents on restricted units may only be raised to the lesser of the two (2) allowed increases.

43. **NOTICE TO TENANTS.** There are four (4) points in time when the Owner is required to give written notice to all tenants of Restricted Units:

- A. Upon initial move-in/lease execution, Owner shall give written notice, to all tenants of Restricted Units, of the duration of the rent restrictions under this Regulatory Agreement. Owner must maintain, in its files, a copy of each notice containing each tenant's signed acknowledgment of the notice required hereunder. The notice shall, at the least, contain language that the rent restrictions under this Regulatory Agreement shall be in effect for the twenty (20) year period, and shall terminate twenty (20) years from the date of Project Completion. Upon termination of the rent restriction period under this Regulatory Agreement, rents may be set at market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

- B. Twelve (12) months prior to the termination of the rent restriction period under this Regulatory Agreement, Owner must give written notice to its tenants of the termination of the restrictions on the Restricted Units before their rents may be raised to market rent levels. Owner must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Department of Housing and Community Development.

- C. Six (6) months prior to the termination of the rent restriction period under the Regulatory Agreement, Owner must give written notice to its tenants of the termination of the restrictions on the Restricted Units before their rents may be raised to market rent levels. Owner must also give written notice, pursuant to California Government Code Section 65863.10, to the Mayor of the City of Los Angeles, the Housing Authority of the City of Los Angeles, and the Department of Housing and Community Development.
- D. Ninety (90) days prior to the termination of the rent restriction period under this Regulatory Agreement, Owner must again give written notice to its tenants of the termination of the restrictions on the Restricted Units before their rents may be raised to market rent levels.

44. **CONDOMINIUM CONVERSION.** Owner shall not convert Property units to condominium or cooperative ownership or sell condominium or cooperative conversion rights to the Property during the term of this Regulatory Agreement.

45. **NONDISCRIMINATION.** Owner shall not discriminate or segregate in the use, enjoyment, occupancy, conveyance, lease, sublease, or rental of Property units on the basis of race, color, ancestry, national origin, religion, sex, sexual orientation, gender identity/expression, transgender status, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. Owner shall include a statement in all advertisements, notices and signs for the availability of Property units for rent to the effect that Owner is an Equal Housing Opportunity Provider.

PROPERTY MANAGEMENT

46. **MANAGEMENT RESPONSIBILITIES.** Owner is specifically responsible, subject to its obligations herein, for all management functions with respect to the Property, including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Owner is responsible for maintaining the property in decent, safe and sanitary conditions and in good repair. The City shall have no responsibility over management of the Property.

47. **MANAGEMENT ENTITY.** The City shall have the right to review and approve the management entity chosen by Owner for the Property and the right to require a change in the management agent at any time during the term of this Regulatory Agreement. Any contracting of management services by Owner shall not relieve Owner of its primary responsibilities for proper performance of management duties.

48. **FINAL MANAGEMENT PLAN.** At least ninety (90) calendar days prior to completion of construction of the Project, Owner shall submit to the City for review and approval a plan for marketing and managing the Property (the "Final Management Plan"). The Plan shall address in detail how Owner plans to affirmatively market the availability of Project units to prospective Qualified Households in accordance with the City of Los Angeles's affirmative fair housing marketing guidelines, and how Owner plans to certify the eligibility of Qualified Households. The Plan shall also address how the Owner and the management entity plan to manage and maintain the Property, and shall include appropriate financial information and documentation. The Plan shall include a form lease agreement that Owner proposes to enter into with Project tenants. Owner shall abide by the terms of this Plan in marketing, managing, and maintaining the Property.

At least ninety (90) calendar days prior to completion of construction of the Project, Owner shall also submit a proposed management contract to the City for the City's prior review and approval. The City shall have the right to review and approve any proposed amendments to the management contract or any new

management contracts during the term of this Regulatory Agreement.

49. **MAINTENANCE AND SECURITY.** Owner shall at its own expense maintain the Property in good condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions for the benefit of Project occupants. Owner shall not commit or permit any waste on or to the Property, and shall prevent and/or rectify any physical deterioration of the Property. Owner shall provide adequate ongoing security equipment and services for Project occupants. Owner shall maintain the Property in conformance with all applicable state, federal, and local laws, ordinances, codes, and regulations and the Final Management Plan; but Owner's maintenance obligations shall not be limited only to the standards contained in these laws or the Final Management Plan.

In the event that Owner fails to maintain the Property in accordance with these standards and after at least ten (10) business days prior written notice to Owner, the City or the City's contractor or agent may, but shall be under no obligation to, enter upon the Property, make such repairs or replacements as are deemed necessary in the City's discretion, and provide for payment thereof. Any amount advanced by the City to make such repairs, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the City 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 Owner to the City and shall be secured by any City Deed of Trust, if not previously reconveyed.

50. **INSPECTION AND RECORDS.** Owner shall maintain records which clearly document Owner's performance of its obligations to operate the Property under the terms of this Regulatory Agreement. Said records and documents shall include records pertaining to race, color, creed, sex and national origin of tenants and applicants; and books of original entry, source documents supporting accounting transactions, service records, general ledger, applicable requirements under HOME Funds contained in 24 CFR 92.508 and CDBG Funds contained in 24 CFR 570.490 and 24 CFR 570.493. Borrower shall maintain copies of such books and records in a location that is within twenty five (25) miles of the Site. Owner shall submit any records to the City within ten (10) business days of the City's request. Owner

shall permit the City, HUD and the U.S. Comptroller General to enter and inspect the Property for compliance with obligations under this Regulatory Agreement upon 24 hours advance notice of such visit by the City to Owner or Owner's management agent and to tenants of any inspected Project units.

Borrower's duty to keep and maintain documents include the following forms and reports:

- A. Property Management Plan
- B. Affirmative Marketing Documentation
- C. Vacancy Notifications Log
- D. Applicant Demographics Log
- E. Proposed Media Ads
- F. Lease Rental Agreement Addendum
- G. Lease/Rental Agreement
- H. Management Company Agreement
- I. House Rules
- J. Tenant Income
- K. Rent Certifications
- L. Tenant Income Source Documents
- M. Occupancy Summary (including the race, national origin or ethnicity and disability status of applicants, households on a project waiting list and occupants)
- N. Certificate of Continuing Program Compliance
- O. Log of Reasonable Accommodation/modification requests

51. **FEES, TAXES, AND OTHER LEVIES.** Owner shall be responsible for payment of all fees, assessments, taxes, charges and levies imposed by any public authority or utility company with respect to the Property, and shall pay such charges prior to delinquency.

52. **INSURANCE COVERAGE.** Owner shall cause to have in full force and effect during the term of this Regulatory Agreement insurance coverage as required under Exhibit C1 & C2 of this Exhibit K and Article 5 of the City Loan Documents, which are hereby incorporated by reference into this Regulatory Agreement.

53. **PROPERTY DAMAGE OR DESTRUCTION.** If any building or improvements erected by Owner on the Property shall be damaged or destroyed by an insurable cause, Owner shall, at its own cost and expense, diligently repair or restore the Property consistent with the original Plans and Specifications for the Project. Such work or repair shall be commenced within one

hundred twenty (120) days after the damage or loss occurs and shall be completed 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, Owner shall make up the deficiency.

54. **HAZARDOUS MATERIALS** Owner shall comply with all of the obligations contained in any City Loan Agreement with respect to Hazardous Materials.

GENERAL PROVISIONS

55. **MONITORING.** During the term of this regulatory agreement, the City and/or its agents will monitor the Owner's compliance with this Regulatory Agreement and the requirements of the source of funds utilized to finance the City Loan. Violations of the Regulatory Agreement and funding requirements may result in penalties, fees and expenses being levied against the City. The Owner will be responsible for any costs, penalties, fees and expenses levied against the City and will be responsible to pay any expenses incurred by the City to enforce this Agreement. The Borrower will be charged the cost of monitoring, not prohibited under HUD regulations or the regulations for the applicable funding source.

56. **SUBORDINATION.** This Regulatory Agreement shall be subordinated in priority only to the liens and encumbrances approved by the City in the City Loan Agreement or otherwise in writing by the City in its sole and absolute discretion.

57. **TRANSFER AND ENCUMBRANCE OF PROPERTY.** During the term of this Regulatory Agreement, Owner shall not make or permit any sale, assignment, conveyance, lease (other than the rental of Project units to Qualifying Households and other eligible residential tenant occupants), or transfer of the this Regulatory Agreement, other City Loan Documents, the Project, or the Property or any part thereof, including the sale of any general or limited partnership interests, without the prior written consent of the City. The City shall give its consent to a sale, transfer, or conveyance provided that all of the following conditions are met: (a) Owner is in compliance with this Regulatory Agreement and the other City Loan Documents, or the sale, transfer, or conveyance will result in the cure of any existing violations of this Regulatory Agreement or the other

City Loan Documents; (b) the transferee agrees to assume all obligations of Owner imposed by this Regulatory Agreement and the other City Loan Documents and enter into such an agreement ("Assumption Agreement"); (c) the transferee demonstrates to the City's satisfaction that it is capable of owning and operating the Property in full compliance with this Regulatory Agreement and the other City Loan Documents; (d) the terms of the sale, transfer, or conveyance shall not jeopardize the City's security interest in the Property and is in full compliance with all standards, including eligibility requirements and other conditions imposed by any funding sources for the Project and any loan; and (e) the transferee is not in default on any other obligations.

During the term of this Regulatory Agreement, Owner shall not engage in any financing or other transaction creating any mortgage or other encumbrance or lien upon the Property (except for any financing provided by the City), without the prior written consent of the City. The City may give its consent to such financing if and to the extent necessary to maintain or improve the affordability or condition of the Property.

58. **DEFAULT AND REMEDIES.** In the event of any breach or violation of any agreement or obligation under this Regulatory Agreement, or of any Event of Default as defined by any City Loan Agreement which in any way pertains to or affects the continuing operation of the Property, and after the City has given written notice to Owner and an opportunity to cure in the same time and manner provided for with respect to Events of Default in said City Loan Agreement, the City may proceed with any or all of the following remedies:

- A. Bring an action in equitable relief seeking the specific performance by Owner of the terms and conditions of this Regulatory Agreement, and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief;
- B. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect any rents, income, deposits, or reserves and apply them to operate the Property;

- C. After notice provided for herein, make such repairs or replacements to the Property as are necessary and provide for payment thereof;
- D. Require Borrower to pay all fines, penalties, and fees levied against the City, including any enforcement, repayment of funds to HUD and legal costs thereof and place a lien on the property for any and all remedial costs; or
- E. Pursue any other remedy allowed at law or in equity.

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

59. NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS. The City's officers, officials, employees or agents shall not be personally liable to Owner for any obligation created under the terms of this Regulatory Agreement except in the case of actual fraud or willful misconduct by such person.

60. INDEMNIFICATION. Except for the active negligence or willful misconduct of City, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, Borrower undertakes and agrees to defend, indemnify and hold harmless the City and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including Borrower's and any contractor's and subcontractor's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Regulatory Agreement as a result (directly or indirectly) of or in connection with this Regulatory Agreement or the use of the Property by Borrower, its agents, employees, contractor or subcontractor of any tier, including suits, causes of action, claims, losses, demands and expenses relating to the condition

of the Property. Rights and remedies available to the City under this provision are cumulative of those provided for elsewhere in this Regulatory Agreement and those allowed under the laws of the United States, the State of California, and the City. The provisions of this paragraph shall survive expiration or termination of this Loan Agreement.

61. **GOVERNING LAW.** This Regulatory Agreement shall be interpreted under and be 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.

62. **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.

63. **TIME.** Time is of the essence in this Regulatory Agreement.

64. **CONSENTS AND APPROVALS.** Any consent or approval of the City required under this Regulatory Agreement shall not be unreasonably withheld. Any approval must be in writing and executed by an authorized representative of the City.

65. **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Owner and the City 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 Owner and the City as follows:

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

Owner: Hollywood Community Housing Corporation
5020 Santa Monica Blvd.
Los Angeles, CA 90029
Attention: Executive Director

66. **BINDING UPON SUCCESSORS.** All provisions of this Regulatory Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferee, and assigns of Owner and the City, and shall run with the land for the full term of this Regulatory Agreement, regardless of any assignment, payment, prepayment, expiration, extinguishment of any City Loan or City Note, any reconveyance of any City Deed of Trust, or any conveyance or transfer of the Property. Any successor-in-interest to Owner and any purchaser or transferee of the Property shall be subject to all of the duties and obligations imposed on Owner under this Regulatory Agreement for the full term of this Regulatory Agreement. The term "Owner" as used in this Regulatory Agreement shall include all such assigns, successors-in-interest, and transferee.

67. **RELATIONSHIP OF PARTIES.** The relationship of Owner and the City for this Project during the term of this Regulatory Agreement shall not be construed as a joint venture, equity venture, or partnership. The City neither undertakes nor assumes any responsibility or duty to Owner or any third party with respect to the operation of the Property or the actions of Owner. Except as the City may specify in writing, Owner shall have no authority to act as an agent of the City or to bind the City to any obligation.

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

69. **OTHER AGREEMENTS.** Owner represents that it has not and/or will not entered into any agreements that would restrict or compromise its ability to comply with the terms of this Regulatory Agreement. Owner shall not enter into any agreements that are inconsistent with the terms of this Regulatory Agreement without an express waiver by the City in writing.

70. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Regulatory Agreement must be in writing, and shall be made only if executed by both Owner and the City. No verbal agreement or conversation with any officer or employee of either party shall affect or modify any terms and conditions of this Regulatory Agreement.

The Owner agrees to comply with all future City Directives or any rules, amendments or requirements promulgated by the City affecting this Regulatory Agreement.

71. **SEVERABILITY.** Every provision of this Regulatory Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

72. **NONRECOURSE.** The City Loan is a nonrecourse obligation of Owner. Neither Owner nor any other party shall have any personal liability for repayment of the City Loan. The sole recourse of the City for repayment of the principal and interest shall be the exercise of the City'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 City against all such security for the City Notes, or (b) be deemed in any way to impair the right of the City 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 City Notes; except nothing contained in the foregoing is intended to relieve the Owner of personal liability for (1) fraud or willful misrepresentation; (2) failure to pay taxes, assessments or other charges (which are not contested by Owner 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 Owner'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 City any rental income or other income arising with respect to the Property received by the Owner after the City has given notice to the Owner 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.

IN WITNESS WHEREOF, the City of Los Angeles and the Owner have caused this Regulatory Agreement to be executed by their duly authorized representatives.

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: _____

"Owner"

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

THIS DOCUMENT MUST BE NOTARIZED FOR RECORDING