

EXHIBIT A
REGULATORY 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, 5114-05-907, -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 B
REGULATORY AGREEMENT
(1010 JEFFERSON)

OCCUPANCY AND RENT RESTRICTIONS

EXHIBIT C1
REGULATORY AGREEMENT
(1010 JEFFERSON)

(INSURANCE REQUIREMENTS)

I. INSURANCE COVERAGE.

1. General Conditions. During the term of this Loan Agreement and Regulatory Agreement and without limiting Borrower's indemnification of the CITY, Borrower shall provide and maintain, as well as and ensure that any contractor or subcontractor provide and maintain, at its own expense a program of insurance having the coverages and limits not less than the amounts and types listed on the Required Insurance and Minimum Limits Sheet (Form Gen 146 in Exhibit Q of the City Loan Agreement), covering its operations hereunder. Such insurance shall also conform to CITY requirements established by Charter, ordinance or policy, shall comply with the Insurance Contractual Requirements (Form General 133) and with the conditions set forth on the applicable City Special Endorsement form(s), copies of which are included in Exhibit Q, and shall otherwise be in a form acceptable to the City Administrative Officer, Risk Management. Specifically, such insurance shall: 1) protect CITY as a Loss Payee on a Lender's Loss Payable endorsement, As Its Interests May Appear, respectively, when such status is appropriate and available depending on the nature of the applicable coverages; 2) provide CITY at least thirty (30) days advance written notice of cancellation (ten (10) days for nonpayment of premium),.

2. Modification of Coverage. CITY reserves the right at any time during the term of this Loan Agreement and Regulatory Agreement to change the amounts and types of insurance required hereunder by giving Borrower and any contractor and subcontractor ninety (90) days advance written notice of such change. If such change should result in substantial additional cost to the Borrower and any contractor and subcontractor, CITY agrees to negotiate additional compensation proportional to the increased benefit to CITY.

3. Failure to Procure Insurance. All required insurance must be submitted and approved by the City of the Administrative Officer, Risk Management prior to the commencement of any work, inception of any operations, or tenancy by Borrower and any contractor and subcontractor.

Borrower's and any contractor's and subcontractor's failure to procure or maintain required insurance during the entire term of this Loan Agreement and Regulatory Agreement shall constitute a material breach of this Loan Agreement under which CITY may immediately suspend or terminate this Loan Agreement or, at its discretion, procure or renew such insurance to protect CITY'S interests and pay any and all premiums in connection therewith and shall become an additional obligation of Borrower to Lender and shall be secured by the Deed of Trust.

5. Proceeds. All proceeds of insurance with respect to loss or damage to the Project during the term of the Loan shall be payable, under the provisions of the policy of insurance, jointly to the, Owner, the City, construction lender[s], permanent lenders and any other lender permitted by the City, and said proceeds shall constitute a trust fund to be used for the restoration, repair or rebuilding of the Project in accordance with plans and specifications approved in writing by the City. To the extent that such proceeds exceed the cost of such restoration, repair or rebuilding, such proceeds shall be applied first to repay the approved secured senior lenders and then to repay the City Loan. In the event of any fire or other casualty to the project or any part thereof, the Owner shall have the right to rebuild the improvements, and to use all available insurance proceeds therefor, provided that (a) such proceeds are sufficient to keep the City Loan in balance and rebuild the improvements in a manner that provides adequate security to the City for repayment of the City Loan or if such proceeds are insufficient then the Owner shall have funded any deficiency, (b) the City shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance proceeds for rebuilding under a construction escrow or similar

arrangement, and (c)no material default then exists under the City Loan. If the casualty affects only part of the improvements and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the City Loan in a manner that provides adequate security to the City for repayment of the remaining balance of the City Loans.

5. Underlying Insurance. Owner shall be responsible for requiring indemnification and insurance as it deems appropriate from its employees receiving mileage allowance and from its consultants, agents and subcontractors, if any, to protect Owner's and City's interests and for ensuring that such persons comply with any applicable insurance statutes. Owner is encouraged to seek professional advice in this regard.

6. Worker's Compensation. By signing this Loan Agreement, Borrower hereby certifies that it is aware and shall make any contractor and subcontractor aware of the provisions of Section 3700 et seq., of the Labor Code which require every employer to be insured against liability for Workers' Compensation in accordance with the provisions of that Code, and that it will comply with such provisions at all such times as they may apply during the performance of the work pursuant to this Loan Agreement.

A Waiver of Subrogation in favor of CITY will be required when work is performed on CITY premises under hazardous conditions.

EXHIBIT C2
LOAN AGREEMENT
(1010 JEFFERSON)

INSURANCE REQUIREMENTS

Name Hollywood Community Housing Corporation
Address 1010 E. Jefferson Blvd., Los Angeles, CA 90011-2433

I. **INSURANCE POLICY REQUIREMENTS DURING ACQUISITION AND DEVELOPMENT.** At close of escrow, the Borrower must provide the City with a one (1) year prepaid Certificate of Insurance policy (or binder followed by a certificate within thirty (30) days of loan closing) evidencing the required coverage stated below. The term of the insurance policy must not be less than the expected development period or one year, whichever is greater.

- A. **Builders Risk Property Insurance.** No later than the time at which real or personal property subject to this agreement is at risk, Borrower shall provide and maintain Builders Risk property insurance protecting such property from "Special Form" causes of loss for the actual replacement cost value of such property. Property insured under this section shall include, but not be limited to the following: All labor and materials comprising new work on the project site, including footings and foundations below grade, materials and equipment destined to become a permanent part of the finished structure and all soft costs applicable to development. Builders Risk insurance shall also extend to building materials located at off-site storage areas or in transit in amounts not less than \$50,000 or actual replacement cost value, whichever is greater. Builders Risk insurance policy form must contain a waiver of the coinsurance provision, if available from Borrower's property insurance underwriter. If such coinsurance waiver is not available from Borrower's underwriter, the property insurance limit applicable to all property on the site shall be not less than 100% of the development hard cost and the coinsurance clause percentage shall not be more than 80%. The maximum deductible for Borrowers Builders Risk

protection shall be \$5,000.

- B. **Mechanical breakdown (Boiler and Machinery).** For developments which equal or exceed \$5,000,000 in total hard cost, Borrower shall provide and maintain protection against the perils of mechanical breakdown in amounts not less than the building limit.
- C. **Flood insurance.** If the project is located in a Special Flood Hazard Area (SFHA), Borrower shall provide and maintain flood insurance in the maximum amount provided by the National Flood Insurance Program (NFIP) or the full replacement cost of the subject property, whichever is less.
- D. **Commercial General Liability.** Borrower shall, at all times during the development period, Provide and maintain Commercial General Liability insurance including, but not limited to, bodily injury, property damage and personal and advertising injury in an amount not less than \$1,000,000 each occurrence and \$2,000,00 in the annual aggregate. Borrower shall require its general contractor to provide and maintain Commercial General Liability insurance including, but not limited to, bodily injury, property damage, completed operations and personal and advertising injury in an amount not less than \$1,000,000 each occurrence and \$2,000,00 in the annual aggregate.

II. INSURANCE POLICY REQUIREMENTS DURING PERMANENT PHASE.

At the completion of the development, the Borrower must provide City with a Certificate and evidence of Insurance form (or insurance binder followed by a certificate within thirty (30) days of completion of the construction of the Project) evidencing the required coverage stated below. The insurance policy must be for a term of not less than one year, or Borrower may add the property to an existing insurance policy program placement which maintains an annual anniversary date.

- A. **Property Insurance.** No later than the time at which real or personal property subject to this agreement is at risk, Borrower shall provide and maintain property insurance protecting the project from "Special Form"

causes of loss for the actual replacement cost value of such property. Property insured under this section shall provide limits insurance of not less than 100% of the replacement cost value of real property and personal property subject to this agreement and provide a replacement cost value (RCV) option. Property insurance policy must contain a waiver of the coinsurance provision, if available from Borrower's property insurance underwriter. If such coinsurance waiver is not available from Borrower's underwriter, the property insurance limit applicable to all property on the site shall be not less than 100% of the actual replacement cost new and the coinsurance clause percentage shall not be more than 80%. The maximum deductible for Borrower's property insurance protection shall be \$5,000.

B. Rental/Business Income. Borrower shall provide and maintain insurance protecting the project from loss of income (rental or otherwise) for "special form" causes of loss. Period of indemnity for loss of business income shall not be less than 12 consecutive months and provide a limit of coverage not less than 100% of business income projected for the current calendar year.

C. Mechanical breakdown (Boiler and Machinery). For properties with a replacement cost value new greater than \$5,000,000, Borrower shall provide and maintain protection against the perils of mechanical breakdown in amounts not less than the building limit.

D. Flood insurance. If the project is located in a Special Flood Hazard Area (SFHA), Borrower shall provide and maintain flood insurance in the maximum amount provided by the National Flood Insurance Program space (NFIP) or 100% of the replacement cost value of the property subject to this agreement, whichever is less.

E. Commercial General Liability. Borrower shall, at all times during the term of this loan agreement and regulatory agreement, Provide and maintain Commercial General Liability insurance including, but not limited to, bodily injury, property damage Completed operations and personal and advertising injury in an amount not less than the following:

1. Minimum Amount:

<u>Number of Units</u>	<u>Minimum CGL Limits</u>
1 - 10	\$1,000,000
11 - 30	2,000,000
31 - 60	3,000,000
61 - 80	4,000,000
81 -100	5,000,000
101 +	7,000,000

2. City may require higher limits for special circumstances, at City's sole discretion and City will provide written notice to the Borrower.

3. If Borrower directly contracts with a contractor or subcontractor, Borrower shall require such contractor or subcontractor to provide and maintain Commercial General Liability insurance including, but not limited to, bodily injury, property damage, completed operations and personal and advertising injury in an amount not less than \$1,000,000 each occurrence and \$2,000,000 in the annual aggregate.

4. Borrower shall be a named insured under all required insurance policies. Borrower shall require its insurance underwriters to provide not less than thirty (30) days advance written notice to Lender (ten (10) days written notice for non-payment of premium) prior to cancellation of the policy. If such advance written notice is not available from any of Borrower's insurance underwriters, Borrower shall provide written notice to Lender under the same aforementioned notice requirements.

F. Borrower shall endorse its Commercial General Liability insurance policy to provide additional insured status in favor of the City of Los Angeles, its officers, agencies and employees. The City of Los Angeles shall be identified on all insurance documents, including the project name, street name, street address, City and County.

G. Borrower shall endorse all property insurance policies required under this Agreement to name the City of Los Angeles as a loss payee under a Lenders Loss Payable endorsement.

III. Borrower is required to submit evidence of insurance to the City of Los Angeles pursuant to Form Gen. 133 which includes but is not limited to submitting insurance documents through the City of Los Angeles' online insurance compliance system, Tack4LA and to the City of Los Angeles Housing and Community Investment Department of the City of Los Angeles by submitting two (2) certified copies of the policy including the additional insured and cancellation notice endorsements. All Policies must include the following:

- A. Name Insured: Borrower
- B. Additional Insured: City of Los Angeles, its officers, agencies and employees shall be included as additional insureds.
- C. Cancellation Clause: The City must be notified 30 days prior to insurance company's cancellation of policy by certified mail.
- D. The City should be identified and/or named on all insurance documents as follows, including the project name, street name, street address, city and county:

Housing and Community Investment Department
of the City of Los Angeles
P.O. Box 532729
Los Angeles, CA 90053-2729