Attachment 3

AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT (Mission Blvd and Park Ave)

between

THE POMONA HOUSING AUTHORITY
in its capacity as the Pomona Housing Successor Agency

and

JHC-ACQUISITIONS LLC,
a California limited liability company

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This AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT (Mission Blvd and Park Ave) ("**Agreement**") is dated as of February 3, 2020 ("**Date of Agreement**"), for reference purposes only, and is entered into by and between the POMONA HOUSING AUTHORITY, in its capacity as Pomona Housing Successor Agency ("**Authority**"), and JHC-ACQUISITIONS LLC, a California limited liability company ("**Developer**"). The Authority and the Developer are sometimes referred to in this Agreement, each individually, as a "**Party**," or collectively, as the "**Parties**."

RECITALS

This Agreement is entered into with reference to the following recitals of fact ("**Recitals**") that Authority and Developer believe to be true as of the Effective Date of this Agreement:

A. The Authority is the owner of that certain real property located at 592 West Mission Boulevard, Pomona (APN 8341-010-916) and more specifically described in Exhibit A attached hereto and incorporated herein by this reference ("**Property**")

B. The Property was transferred to Authority pursuant to Health and Safety Code ("HSC") Section 34176, when the City of Pomona ("City"), as the entity that authorized the creation of the dissolved Redevelopment Agency of the City of Pomona ("RDA"), elected not to retain the housing assets and functions previously performed by the RDA, and instead elected to transfer all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the RDA, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, to the Authority, as provided in Resolution No. 2012-16 adopted on January 30, 2012.

C. HSC Section 33334.16, as modified by HSC Section 34176.1(e), sets forth the timeframes by which development or initiatives consistent with development must be commenced with respect to real properties acquired by the RDA prior to February 1, 2012 and transferred to the Housing Authority to be developed for affordable housing. In accordance with that directive, Authority entertained proposals for the development of the Property for affordable housing.

D. On or about March 6, 2019, Authority entered into an exclusive negotiation agreement with the Developer for potential development of the Property. The Developer proposed the development of the Property as multi-family affordable rental housing complex.

E. To facilitate the development of the Project, the Authority desires to convey the Property to Developer and take back a loan for the Purchase Price for the Property, subject to the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Authority and Developer, the Parties agree as follows:

TERMS AND CONDITIONS

ARTICLE I.
DEFINITIONS; REPRESENTATIONS AND WARRANTIES; EFFECTIVE DATE

1.1 Definitions. All initially capitalized terms in this Agreement, including, in the Recitals above, that are not otherwise defined in this Agreement shall have the following meanings:

1.1.1 "**Additional Insureds**" has the meaning ascribed to such term in Section 5.4.

1.1.2 "Affiliate" means and refers to any person or entity, directly or indirectly, Controlling or Controlled by or under common Control with the applicable person or entity, whether by direct or indirect ownership of equity interests, by contract or otherwise.

1.1.3 "**Agreement**" means this Affordable Housing Disposition and Development Agreement (Mission Blvd and Park Ave).

1.1.4 "**Authority**" means the Pomona Housing Authority, in its capacity as Pomona Housing Successor Agency.

1.1.5 "**Authority's Title Notice Response**" means the written response of the Authority to the Developer's Title Notice, in which the Authority either (i) elects to cause the removal from the Preliminary Report of any matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy that were objected to in the Developer's Title Notice, or (ii) elects not to cause the removal from the Preliminary Report of any matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy that were objected to in the Developer's Title Notice.

1.1.6 "**CEQA**" means the California Environmental Quality Act, Public Resources Code Sections 21000, et seq.

1.1.7 "**Certificate of Completion**" means the written certification of Authority that the construction of the Project has been completed in compliance with the terms and conditions of this Agreement, substantially in the form of Exhibit G attached to this Agreement.

1.1.8 "City" means the City of Pomona, a California municipal corporation.

1.1.9 "**City Requirements**" has the meaning ascribed to the term in Section 2.6.1.

1.1.10 "**Close of Escrow**" or "**Closing**" means the recording of the Grant Deed for the Property in the official records of the Recorder of the County, and completion of each of the actions set forth in ARTICLE III by the Escrow Holder for the Authority to sell the Property to the Developer and the Developer to purchase the Property from the Authority.

1.1.11 "**Completion of Construction**" means the issuance of a Certificate of Completion confirming that the final certificate of occupancy for the Project, based on the plans submitted by the Developer to the Authority, has been issued.

1.1.12 "**Construction Financing"** means one or more loans that Developer shall obtain from one or more Institutional Lenders, the proceeds of which are to be used and applied to pay the reasonable costs of obtaining such loan(s) and either: (a) the Project Costs; or (b) to refinance only the outstanding amount owed under a prior loan obtained by Developer to finance the amount described in "(a)" of this Section 1.1.12 (without any other amounts). Such loan(s) shall provide for normal and customary disbursement controls for the payment of Project Costs and normal and customary fees and expenses for loan(s) of similar size and purpose. The Construction Financing is set forth in the Project Budget.

1.1.13 "**Construction Financing Documents**" means the various documents and instruments made by and between Developer and one or more Institutional Lenders that evidence or perfect the Construction Financing or the security for repayment of the Construction Financing, including any associated Security Instrument.

1.1.14 "**Control"** means and refers to possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether by ownership of equity interests, by contract or otherwise.

1.1.15 "**Controlling"** and **"Controlled"** mean and refer to exercising or having Control.

1.1.16 "**County**" means the County of Los Angeles, California.

1.1.17 "**Deed of Trust**" means the Deed of Trust made by Developer for the benefit of Authority in substantially the form of Exhibit I attached to this Agreement, which pledges the Property as collateral to secure repayment of the Land Loan and the Project Loan.

1.1.18 "Developer" means JHC-ACQUISITIONS LLC, a California limited liability company and its successors and assigns that are permitted by this Agreement.

1.1.19 "**Developer's Title Notice**" means a written notice from the Developer to the Authority indicating the Developer's objection to specific matters shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy for the Property, describing in suitable detail the actions that the Developer reasonably believes are indicated to cure or correct each of the Developer's objections.

1.1.20 "**Due Diligence Investigations**" means the Developer's due diligence investigations of the Property to determine the suitability of the Property for development and operation of the Project, including, without limitation, investigations of the environmental and geotechnical suitability of the Property, as deemed appropriate in the reasonable discretion of the Developer, all at the sole cost and expense of the Developer.

1.1.21 "**Due Diligence Investigation Rejection Notice**" means a written notice of the Developer delivered to the Authority and the Escrow Holder, prior to the end of the Due

Diligence Period, indicating the Developer's rejection of the condition of the Property and refusal to accept a conveyance of fee title to the Property, describing in reasonable detail the actions that the Developer reasonably believes are indicated to allow the Developer to accept the condition of the Property.

1.1.22 "**Due Diligence Period**" means the date commencing on the Effective Date and ending at 5:00 p.m. on the one hundred twentieth (120^{th}) day following the Effective Date.

1.1.23 "**Effective Date**" has the meaning ascribed to the term in Section 1.2.3.

1.1.24 "**ENA"** means the Exclusive Negotiation Agreement dated March 6, 2019, by and between Authority and Developer.

1.1.25 "**Environmental Claims**" has the meaning ascribed to the term in Section 5.3.

1.1.26 "**Environmental Laws**" means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability of standards of conduct concerning any hazardous substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 ("RCRA") [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act ("FWPCA") [33 USC Section 1251 et seq.]; the Toxic Substances Control Act ("TSCA") [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act ("HMTA") [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.] the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.] the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [California Health & Safety Code Section 25288 et seq.]; the California Hazardous Substances Account Act [California Health & Safety Code Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [California Health & Safety Code Section 24249.5 et seq.] the Porter-Cologne Water Quality Act [California Water Code Section 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

1.1.27 "**Environmental Matters**" has the meaning ascribed to the term in Section 5.3.

1.1.28 "**Escrow**" has the meaning ascribed to the term in Section 2.1.

1.1.29 "**Escrow Closing Date**" means, subject to extension due to Unavoidable Delay, on or before the fifth (5th) business day following the Escrow Holder's receipt of written confirmation from both Authority and Developer of the satisfaction or waiver of all conditions precedent to the Close of Escrow.

1.1.30 ."**Escrow Holder**" means Fidelity National Title Company, Attn: Bobbie Purdy, VP, Senior Commercial Escrow Officer, through its office located at 555 South Flower Street, Suite 4420, Los Angeles, CA 90071, or such other escrow holder mutually agreed upon in writing by both Authority and Developer.

1.1.31 "**Escrow Opening Date**" has the meaning ascribed to the term in Section 3.1.

1.1.32 "**Event of Default**" has the meaning ascribed to the term in Section 7.1.

1.1.33 "**Executive Director**" means the Executive Director of the Authority or his or her designee or successor in function.

1.1.34 "**FIRPTA Affidavit**" means an affidavit complying with Section 1445 of the United States Internal Revenue Code.

1.1.35 "**Governmental Agency**" means any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, City, or otherwise) whether now or later in existence.

1.1.36 "**Governmental Requirements**" means all codes, statutes, ordinances, laws, permits, orders, and any rules and regulations promulgated thereunder of any Governmental Agency.

1.1.37 "**Grant Deed**" means a deed substantially in the form of Exhibit D to this Agreement, conveying all of the Authority's interest in the Property to the Developer.

1.1.38 "**Hazardous Substances**" means, without implied limitation, substances defined as "hazardous substances," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminate" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601, et seq.; the TSCA; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq.; those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the EPA, or any successor authority, as hazardous substances [40 CFR Part 302]; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code or, as "hazardous substances" in Section 25316 of the California Health and Safety Code; other substances,

materials, and wastes that are, or become, regulated or classified as hazardous or toxic under federal, state, or local laws or regulations and in the regulations adopted pursuant to said laws, and shall also include asbestos, polychlorinated biphenyl, flammable explosives, radioactive material, petroleum products, and substances designated as a hazardous substance pursuant to 33 USC Section 1321 or listed pursuant to 33 USC Section 1317. Notwithstanding the foregoing, "Hazardous Substances" shall not include such products in quantities as are customarily used in the construction, maintenance, development or management of residential developments or associated buildings and grounds, or typically used in residential activities in a manner generally used in other comparable residential developments, or substances commonly ingested by a significant population living within the Project including, without limitation, alcohol, aspirin, tobacco and saccharine.

1.1.39 "**Indemnified Parties**" means Authority and its commissions, agents, attorneys, officers, employees, and authorized representatives.

1.1.40 "**Institutional Lender**" means any of the following: (a) a bank (State, Federal or foreign), trust company (in its individual or trust capacity), insurance company, credit union, savings bank (State or Federal), pension, welfare or retirement fund or system, real estate investment trust (or an umbrella partnership or other entity of which a real estate investment trust is the majority owner), Federal or State agency regularly making or guaranteeing mortgage loans, investment bank or a subsidiary of a Fortune 500 company; or (b) any person or entity that is an Affiliate of or is a combination of any one or more of the persons or entities described in "(a)" of this Section.

1.1.41 "**Land Loan**" means the loan from the Authority to the Developer in an amount equal to Three Million Four Hundred Thousand Dollars ($3,400,000.00), which is the appraised value established by Jay A. Wortmann, MAI appraiser at Kinetic Valuation Group, as of the Effective Date, and which is equal to the Purchase Price for the Property. The Land Loan is made by Authority to finance Developer's acquisition of the Property.

1.1.42 "**Lender**" means the holder of any Security Instrument and its successors and assigns.

1.1.43 "**Note**" means the promissory note made by Developer in favor of Authority in substantially the form of Exhibit J attached to this Agreement evidencing the Land Loan.

1.1.44 "**Notice of Agreement**" means the notice in the form of Exhibit E to this Agreement to be recorded against the Property at the Close of Escrow to provide constructive record notice of the existence and application of this Agreement to the Property.

1.1.45 "**Parties**" means, collectively, the Authority and the Developer.

1.1.46 "**Party**" means, individually, the Authority or the Developer, as applicable.

1.1.47 "**PCO Statement**" means a preliminary change of ownership statement provided for in California Revenue and Taxation Code Section 480.3.

1.1.48 "**Permanent Loan**" means any loan that the Developer shall obtain from an Institutional Lender, the proceeds of which are to be used and applied solely to pay: (1) the reasonable costs of obtaining such loan; (2) the then current outstanding principal and interest under any Construction Financing; and (3) any reasonable and customary fees or charges of the Institutional Lender providing the Construction Financing relating to pay-off of the Construction Financing. The Permanent Loans are set forth in the Project Budget.

1.1.49 "**Permitted Exceptions**" means (i) any and all items shown in Schedule B of the Preliminary Report as exceptions to coverage under the proposed Title Policy that the Developer accepts, pursuant to Section 2.4; (ii) any exceptions from coverage under the proposed Title Policy; (iii) non-delinquent property taxes and assessments; (iv) this Agreement; (v) the Grant Deed; (vi) the Notice of Agreement; (vii) the Regulatory Agreement; (viii) the Deed of Trust; (ix) any Permitted Security Instrument; (x) the TCAC Regulatory Agreement; (xi) any agreement restricting occupancy and rents of the Project required by an Institutional Lender or a Subordinate Loan Lender, if any; and (xii) any other document or encumbrance expressly required to be recorded against the Property or the Project pursuant to the terms of this Agreement.

1.1.50 "**Permitted Security Instrument**" means any Security Instrument that: (a) encumbers only the Property or any interest in the Property; (b) is held by a Lender that is an Institutional Lender, subject to the jurisdiction of the courts of the State, not immune from suit and cannot elect to be immune from suit; and (c) only secures: (i) the repayment of money used to pay or reimburse the Project Costs; (ii) a bona fide Permanent Loan; (iii) a bona fide Refinancing; or (iv) a delivery assurance fee regarding a Permanent Loan that is refundable to Developer at the close of the Permanent Loan. Promptly after execution, Developer shall promptly delivery a copy of any Security Instrument to the Authority, with the Lender's name and notice address.

1.1.51 "**Permitted Transfer**" means any of the following types of Transfer by Developer, which unless otherwise provided do not require the Authority's prior written approval and where, except for a Transfer described in subsections .1, .2, .3, .4, .6, .7 and .9 below, the person or entity to which such Transfer is made expressly and unconditionally assumes in a written assignment and assumption agreement between such person or entity, Developer and Authority that is in a form reasonably acceptable to Authority (as evidenced by execution of such assignment and assumption agreement by the Executive Director), all obligations of Developer under this Agreement:

1.1.51.1 Any Transfer to Institutional Lender: (1) pursuant to a Permitted Security Instrument as collateral for bona fide Construction Financing to pay all or any part of the Project Costs; or (2) pursuant to a Permitted Security Instrument as collateral for a bona fide Permanent Loan or bona fide Refinancing.

1.1.51.2 Any Transfer directly resulting from the foreclosure or deed in lieu of foreclosure of a Permitted Security Instrument for a loan from an Institutional Lender to the Project or as otherwise permitted under Section 6.5.7.

1.1.51.3 Any Transfer of stock or equity in the Party that does not change management or operational Control of the Project, with no material change in beneficial ownership (with the exception of any conveyance to member(s) of the immediate family(ies) of the transferor(s) or trusts for their benefit) and which constitutes a tax-free transaction under Federal income tax law and California real estate transfer tax.

1.1.51.4 The lease of residential units in the Project consistent with the Regulatory Agreement.

1.1.51.5 Any Transfer of this Agreement and the Property to a limited partnership in which a general partner is the Developer or its Affiliate and the managing general partner is a 501(c)(3) tax exempt nonprofit or its Affiliate.

1.1.51.6 The Transfer and sale of limited partnership interests in Developer while the Developer is in the form of a limited partnership.

1.1.51.7 In the event that any general partner of the Developer, while the Developer is in the form of a limited partnership, is removed by the limited partner of such limited partnership for cause following default under the partnership agreement, the Transfer of the general partner interest to a 501(c)(3) tax exempt nonprofit corporation or its Affiliate selected by the limited partner and approved by the Authority, which approval shall not be withheld unreasonably, delayed or conditioned.

1.1.51.8 The Transfer of the Project from Developer, while the Developer is in the form of a limited partnership, to one or more of the general partners of the Developer or their Affiliates at the end of the tax credit compliance period for the Project; and

1.1.51.9 Any dilution of a general partner's interest in the Developer while the Developer is in the form of a limited partnership, in accordance with the Developer's limited partnership agreement.

1.1.52 "**Plans and Specifications**" has the meaning ascribed to the term in Section 2.6.1.

1.1.53 "**Preliminary Report**" means a preliminary report issued by the Title Company in contemplation of the issuance of the Title Policy, accompanied by legible copies of all documents listed in Schedule B of the report as exceptions to coverage under the proposed Title Policy. The Parties acknowledge that they may prepare one (1) or more Preliminary Reports for each parcel, or group of parcels, comprising the Property. In such case, all reports, notices, and objection letters which pertain to the Preliminary Report for the entirety of the Property shall apply separately to each Preliminary Report associated with a parcel or a group of parcels.

1.1.54 "**Project**" means the construction and development of the Property as an affordable multi-family housing development, including all required or associated on-site and off-site improvements, all hardscape and all landscaping, all as specifically described in the Scope of Development, and all to be developed in accordance with the Plans and Specifications

to be approved by the Authority in its reasonable discretion and any conditions imposed by the Authority in its approval of the Plans and Specifications.

1.1.55 "**Project Budget**" means the Project Costs and anticipated sources of funds to pay the Project Costs as set forth in the Project proforma, dated as of January 6, 2020 and approved by the Executive Director as of the Effective Date, as may be modified from time to time pursuant to Section 6.2.

1.1.56 "**Project Commencement Date**" means no later than the date thirty (30) days after the Escrow Closing Date.

1.1.57 "**Project Completion Date**" means that date set forth therefor by which a Certificate of Completion shall be issued for the Project, as more particularly provided in the Schedule of Performance. The Project Completion Date shall be no later than the date which is twenty four (24) months after the Close of Escrow, subject to Unavoidable Delay.

1.1.58 "**Project Costs**" means all of the costs of acquisition of the Property and development and construction of the Project.

1.1.59 "**Property**" means that real property, and all current and future improvements thereon (including, without implied limitation, the Project), legally described in Exhibit A.

1.1.60 "**Property Transfer"** means and refers to any "change in ownership," as defined in Revenue and Taxation Code Sections 60, et seq., of all or any portion of the Property.

1.1.61 "**Purchase Price**" means the purchase price for the Property in the amount of Three Million Four Hundred Thousand Dollars ($3,400,000.00).

1.1.62 "**Record**", "**recorded**", "**recording**" or "**recordation**" each mean and refer to recordation of the referenced document in the official records of the Recorder of the County of Los Angeles, California.

1.1.63 Refinancing. Any loan secured by a Permitted Security Instrument that the Developer obtains from an Institutional Lender subsequent to recordation of the Permanent Loan for a loan amount which when combined with all of the other security financing encumbering the Property exceeds: (i) prior to the completion of construction of the Project, ninety percent (90%) of the appraised as-completed value of the Property plus the value of tax credits allocated to the Project pursuant to a Low Income Housing Tax Credit Program approved by the California Tax Credit Allocation Committee, and (ii) after the completion of construction of the Project, ninety percent (90%) of the appraised value of the Property plus the value of tax credits allocated to the Project pursuant to a Low Income Housing Tax Credit Program approved by the California Tax Credit Allocation Committee, with said values evidenced by an appraisal or other evidence acceptable to City.

1.1.64 "**Regulatory Agreement**" means the Regulatory Agreement and Declaration of Restrictive Covenants, Conditions and Restrictions Restricting the Use of

Property for Affordable Housing in substantially the form of Exhibit H attached to this Agreement, which shall be recorded against the Property at the Close of Escrow.

1.1.65 "**Schedule of Performance**" means the schedule for the performance of certain actions by the Parties pursuant to this Agreement, attached to this Agreement as Exhibit C.

1.1.66 "**Scope of Development**" means the detailed description of the Project attached to this Agreement as Exhibit B.

1.1.67 "**Security Instrument**" means any security instrument, deed of trust, security deed, contract for deed, deed to secure debt, or other voluntary real property (including leasehold) security instrument(s) or agreement(s) intended to grant real property (including leasehold) security for any obligation (including a purchase-money or other promissory note) encumbering the Property, as entered into, renewed, modified, consolidated, increased, decreased, amended, extended, restated, assigned (wholly or partially), collaterally assigned, or supplemented from time to time, unless and until paid, satisfied, and discharged of record. If two or more such security instruments are consolidated or restated as a single lien or held by the same Lender (as applicable), then all such security instruments so consolidated or restated shall constitute a single Security Instrument. A participation interest in a security instrument (or partial assignment of the secured loan) does not itself constitute a Security Instrument.

1.1.68 "**Senior**" means, referring to multiple Security Instruments, the Security Instrument that is most senior in lien of the same type. Where Senior is used as a comparative term as against any specified Security Instrument, such term refers to any Security Instrument of the same type that is senior in lien to such specified Security Instrument. If only one Security Instrument of a particular type exists, then it shall be deemed the Senior Security Instrument of such type.

1.1.69 "**Senior Loan**" has the meaning as set forth in Section 2.2.3.

1.1.70 "**State**" means the State of California.

1.1.71 "**Subordinate Loan**" means any loan approved through revisions to the Project Budget by the Executive Director pursuant to Section 6.2, and which is secured by a Permitted Security Instrument junior in lien priority to the Deed of Trust.

1.1.72 "**Tax Credit Equity**" means the equity investment toward the cost of development and construction of the Project contributed to the Developer (when in the form of a limited partnership) by the Tax Credit Investor, in the amount set forth in the Project Budget.

1.1.73 "**Tax Credit Investor**" means the limited partner in Developer (when in the form of a limited partnership) that provides the Tax Credit Equity for the development and construction of the Project.

1.1.74 "**Tax Credits**" means an allocation from TCAC of nine percent (9%) federal low income housing tax credits to finance a portion of the Project Costs, all in accordance

with Section 42 of the Internal Revenue Code of 1986, as amended, all associated Internal Revenue Service regulations and all associated TCAC regulations.

1.1.75 "**TCAC**" means the California Tax Credit Allocation Committee or successor in function.

1.1.76 "**TCAC Regulatory Agreement**" means the regulatory agreement required to be recorded against the Property by TCAC to obtain the Tax Credits.

1.1.77 "**Title Company**" means Fidelity National Title Company, Attn: Justin L. Scott, Vice President, Commercial Title Officer,, through its office located at 555 S. Flower Street, Suite 4420, Los Angeles, CA 90071, or such other title company mutually agreed upon in writing by both Authority and Developer

1.1.78 "**Title Policy**" means an ALTA extended coverage policy of title insurance issued by the Title Company, with coverage in the full amount of the Purchase Price and insuring fee title to the Property, subject only to the Permitted Exceptions. Developer shall pay for the Title Policy.

1.1.79 "**Transfer**" means any of the following:

1.1.79.1 Any assignment, conveyance, grant, hypothecation, mortgage, pledge, sale, or other transfer, whether direct or indirect, of all or any part of such property, right or obligation, or of any legal, beneficial, or equitable interest or estate in such property, right or obligation or any part of it (including the grant of any easement, lien, or other encumbrance); or

1.1.79.2 Any conversion, exchange, issuance, modification, reallocation, sale, or other transfer of any direct or indirect equity interest(s) in the owner of such property, right or obligation by the holders of such equity interest(s); or

1.1.79.3 Any merger, consolidation, sale, or lease of all or substantially all of the assets of the Developer or a series of such sales, assignments and the like that, in the aggregate, result in a disposition of more than a 49% interest of all or substantially all of the assets of the Developer; or

1.1.79.4 Any Property Transfer; or

1.1.79.5 The recordation of any deed of trust, mortgage, lien or similar encumbrance against all or any portion of the Property or the Project.

1.1.80 "**Unavoidable Delay**" means any delay that is caused in all material respects by the other Party or that is beyond the control of the Authority or the Developer, including delay caused by strikes, acts of God, weather, inability to obtain labor or materials, inability to obtain governmental permits or approvals, governmental restrictions, civil commotion, fire or similar causes, but excluding circumstances subject to Section 8.7.2.

1.2 Representations and Warranties.Authority Representations and Warranties. The representations and warranties of Authority contained in this Section 1.2.1 shall be based upon the actual knowledge of the Executive Director as of the Effective Date. All representations and warranties contained in this Section 1.2.1 are true and correct as of the Effective Date. Authority's liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement and the Closing. Authority hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by Developer has been made in material reliance by Developer on such covenants, representations and warranties:

1.2.1.1 Authority is a California public body corporate and politic existing in the City of Pomona, and is the housing successor to the Redevelopment Agency of the City of Pomona pursuant to Health and Safety Code section 34176. Authority has the legal power, right and authority to enter into this Agreement and to execute the instruments and documents referenced herein, and to consummate the transactions contemplated hereby.

1.2.1.2 The persons executing any instruments for or on behalf of Authority have been authorized to act on behalf of Authority and this Agreement is valid and enforceable against Authority in accordance with its terms and each instrument to be executed by Authority pursuant hereto or in connection herewith will, when executed, shall be valid and enforceable against Authority in accordance with its terms. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution and delivery of and compliance with this Agreement by Authority.

1.2.1.3 Authority has taken all requisite action and obtained all requisite consents for agreements or matters to which Authority is a party in connection with entering into this Agreement and the instruments and documents referenced herein and in connection with the consummation of the transactions contemplated hereby.

1.2.1.4 The Property is a legally formed parcel in the approximate size of 1.43 acres.

1.2.1.5 Authority is the owner of the entire right, title and interest in and to the Property.

1.2.1.6 There are no pending or, to the best of Authority's knowledge, threatened claims, allegations or lawsuits of any kind that could materially and adversely affect the value of the Property or prohibit the sale thereof, nor to the best of Authority's knowledge, is there any governmental investigation of any type or nature pending or threatened against or relating to the Property or the transactions contemplated hereby.

1.2.1.7 The Property has not at any time been used for the purposes of storing, manufacturing, releasing or dumping Hazardous Substances, and no underground storage tanks, pipelines or clarifiers have been or are located on the Property.

1.2.1.8 If the Authority becomes aware of any act or circumstance that would change or render incorrect, in whole or in part, any representation or warranty made by

the Authority under this Agreement, whether as of the date given or any time thereafter, whether or not such representation or warranty was based upon the Authority's knowledge and/or belief as of a certain date, the Authority will give immediate written notice of such changed fact or circumstance to the Developer.

1.2.2 Developer Representations and Warranties. The representations and warranties of Developer contained in this Section 1.2.2 shall be based upon the actual knowledge of Michael Massie, Chief Development Officer of Jamboree Housing Corporation, as of the Effective Date. All representations and warranties contained in this Section 1.2.2 are true and correct as of the Effective Date. The Developer's liability for misrepresentation or breach of warranty, representation or covenant, wherever contained in this Agreement, shall survive the execution and delivery of this Agreement and the Closing. The Developer hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by Authority has been made in material reliance by Authority on such covenants, representations and warranties:

1.2.2.1 The Developer is a California limited liability company, lawfully entitled to do business in the State of California. The Developer has the legal right, power and authority to enter into this Agreement and the instruments and documents referenced herein and to consummate the transactions contemplated hereby. The persons executing this Agreement and the instruments referenced herein on behalf of the Developer hereby represent and warrant that such persons have the power, right and authority to bind the Developer.

1.2.2.2 The Developer has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required for the Developer's authorization to enter into Agreement.

1.2.2.3 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby shall result in a breach of or constitute a default under any other agreement, document, instrument or other obligation to which the Developer is a party or by which the Developer may be bound, or under law, statute, ordinance, rule, governmental regulation or any writ, injunction, order or decree of any court or governmental body applicable to the Developer or to the Property.

1.2.2.4 This Agreement is, and all agreements, instruments and documents to be executed by the Developer pursuant to this Agreement shall be, duly executed by and shall be valid and legally binding upon the Developer and enforceable in accordance with their respective terms. No approval, consent, order or authorization of, or designation or declaration of any other person, is required in connection with the valid execution and delivery of in compliance with this Agreement by the Developer.

1.2.2.5 If the Developer becomes aware of any act or circumstance that would change or render incorrect, in whole or in part, any representation or warranty made by the Developer under this Agreement, whether as of the date given or any time thereafter, whether or not such representation or warranty was based upon the Developer's knowledge and/or belief

as of a certain date, the Developer will give immediate written notice of such changed fact or circumstance to the Authority.

1.2.3 Effective Date. This Agreement is dated February 3, 2020 for reference purposes only. This Agreement shall not become effective until the date on which all of the following are true ("**Effective Date**"): (a) this Agreement is approved and executed by the appropriate authorities of Developer and delivered to Authority; (b) Developer has delivered to Authority a certified copy of the official action taken by all of the entities comprising the Developer approving this Agreement, substantially in the form attached to this Agreement as Exhibit F; (c) following all legally required notices and hearings, this Agreement is approved by the Authority Board; and (d) this Agreement is executed by the authorized representatives of Authority.

1.2.4 Exhibit List. The following is a list of the Exhibits attached to this Agreement. Each of the Exhibits is incorporated by this reference into the text of this Agreement.

Exhibit A	Legal Description of Property
Exhibit B	Scope of Development
Exhibit C	Schedule of Performance
Exhibit D	Form of Grant Deed
Exhibit E	Form of Notice of Agreement
Exhibit F	Form of Official Action of Developer
Exhibit G	Form of Certificate of Completion
Exhibit H	Form of Regulatory Agreement
Exhibit I	Form of Deed of Trust
Exhibit J	Form of Promissory Note

ARTICLE II.

PROPERTY DISPOSITION

2.1 Purchase and Sale. In exchange for the Purchase Price and the Developer's other covenants and undertakings set forth in this Agreement, the Authority shall sell the Property to the Developer and the Developer shall purchase the Property from the Authority pursuant to the terms and conditions of this Agreement. For the purposes of exchanging funds and documents to complete the sale from the Authority to the Developer and the purchase by the Developer from the Authority of the Property pursuant to the terms of this Agreement, the Authority and the Developer agree to open an escrow ("**Escrow**") with the Escrow Holder. ARTICLE III of this Agreement constitutes the joint escrow instructions of the Parties to the Escrow Holder for completion of the Escrow for the sale of the Property, as contemplated by this Agreement. The Developer and the Authority shall execute such further escrow instructions, consistent with the provisions of this Agreement, as may be reasonably requested by the Escrow Holder. In the event of any conflict between the provisions of this Agreement and any other escrow instructions requested by the Escrow Holder, the provisions of this Agreement shall control.

2.2 Payment of Purchase Price.Note and Deed of Trust. The Developer shall pay the Purchase Price by depositing the Note and the Deed of Trust into the Escrow, at least one (1) business day preceding the Escrow Closing Date.

2.2.2 Non-Recourse. The Developer shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Note or the performance of the covenants of the Developer under the Deed of Trust. The sole recourse of the Authority with respect to the principal of, or interest on, the Note and defaults by Developer in the performance of its covenants under the Deed of Trust shall be to the Property, as described in the Deed of Trust.

2.2.3 Subordination. Except for any Subordinate Loan, the Deed of Trust and Regulatory Agreement shall be subordinated to other loans from Institutional Lenders that are consistent with the Project Budget (in each case, a "**Senior Loan**"), provided all of the proceeds of the proposed Senior Loan, less any transaction costs, must be used to provide financing for the Project. The Executive Director or his/her designee on behalf of the Authority is authorized to execute the subordination agreement documenting such subordination without the necessity of any further action or approval, provided that the form of such subordination shall be subject to the approval of the Executive Director and Authority Counsel.

2.3 Eminent Domain.If any portion of the Property or any interest in any portion of the Property, becomes the subject of any eminent domain proceeding prior to Close of Escrow, other than such a proceeding by the Authority, including the filing of any notice of intended condemnation or proceedings in the nature of eminent domain commenced by any Governmental Agency, the Authority shall immediately give the Developer notice of such occurrence, and the Developer shall have the option, exercisable within ten (10) business days after receipt of such notice from the Authority, to either: (1) cancel the Escrow and terminate this Agreement and the Escrow, in which case the Parties and the Escrow Holder shall proceed in accordance with Section 3.10; or (2) continue with this Agreement in accordance with its terms, in which event the Authority shall assign to the Developer any right of the Authority to receive any condemnation award attributable to the Property.

2.4 Title Approval. As soon as practicable following the Effective Date, the Authority shall obtain from Title Company the Preliminary Report and deliver a copy of the Preliminary Report to the Developer. Within thirty (30) days following the Developer's receipt of a Preliminary Report for the entire Property, the Developer shall deliver the Developer's Title Notice to the Authority. If the Developer fails to deliver the Developer's Title Notice to the Authority within thirty (30) days following the Developer's receipt of the Preliminary Report, the Developer will be deemed to approve the status of title to the Property. Within twenty (20) days following receipt by the Authority of Developer's Title Notice, if any, the Authority shall serve Authority's Title Notice Response. If the Authority does not serve Authority's Title Notice Response, if necessary, within twenty (20) days following its receipt of Developer's Title Notice, the Authority shall be deemed to elect not to remove any matter objected to in Developer's Title Notice, if any, from the Preliminary Report. If the Authority elects in Authority's Title Notice Response to cause the removal of any matter objected to in Developer's Title Notice from the Preliminary Report, the Authority shall cause the removal of each such objectionable matter from the Preliminary Report within sixty (60) days following receipt by the

Developer of Authority's Title Notice Response or such other period of time that may be agreed to in writing by both the Authority and the Developer. If the Authority is unwilling or unable to cause the removal of any matter objected to in Developer's Title Notice from the Preliminary Report, then, within ten (10) days following the Developer's receipt of Authority's Title Notice Response stating that the Authority is unwilling to remove or cause the removal of any matter objected to in Developer's Title Notice or upon the expiration of the above sixty (60) day time period during which the Authority elected to remove such objectionable matters from the Preliminary Report and was unable to do so, the Developer may either (1) refuse to accept the title to and conveyance of the Property, in which case the Parties shall have the right, subject to Section 2.4.2, to cancel the Escrow and terminate this Agreement without liability to either Party or any other person, by delivery of a written notice of termination to the Escrow Holder, or (2) be deemed to waive its objection to any items set forth in Developer's Title Notice.

2.4.1 If at any time prior to the Close of Escrow the Title Company issues an updated Preliminary Report containing any previously undisclosed matter affecting title to the Property, or the Authority becomes aware of any previously undisclosed matter affecting title to the Property, following the delivery of the Developer's Title Notice, the Authority shall provide written notice to the Developer of such matter, together with any updated Preliminary Report related to such matter. The Authority and the Developer shall have such rights and obligations with respect to such previously undisclosed title matters as they did with respect to any title matters set forth in the original Preliminary Report as set forth in Section 2.4.

2.4.2 Before exercising any right a Party may have under this Section 2.4 to cancel the Escrow and terminate this Agreement, such Party shall notify the non-terminating Parties in writing of its election to terminate and shall, upon a non-terminating Party's request, which must be delivered, if at all, within three (3) days following its receipt of the terminating Party's notice of election to terminate, meet and confer with the non-terminating Parties for a period of thirty (30) days. During such time, the Parties shall meet as often as reasonably requested by any Party to negotiate, in good faith, methods and means by which the objectionable title matter may be eliminated or mitigated. Nothing herein shall constitute an agreement, representation, or warranty by any Party that an acceptable resolution of the objectionable title matter will be achieved, nor shall any Party be obligated to expend any funds or undertake any other action whatsoever with respect to such title matter unless such agreement is reduced to a writing which is approved by all Parties, in their sole and absolute discretion. If, at the end of such thirty (30) day period, the Parties have not been able to agree on a mutually acceptable method of resolving such title matter, or if any proposed agreement is disapproved by the Authority Board, the Escrow shall be cancelled, this Agreement shall be terminated without liability to any Party, and the Parties shall proceed pursuant to Section 3.10.

2.4.3 The Authority agrees not to place any matters of record against the Property (other than Permitted Exceptions and any matters arising from Authority's issuance or exercise of any remedy related to any approval for the Project), prior to the Close of Escrow, without the prior written consent of Developer.

2.5 Developer Investigations. The Developer shall have until the expiration of the Due Diligence Period to complete all of its Due Diligence Investigations with respect to the entirety of the Property. The Developer shall complete all of its Due Diligence Investigations

within the Due Diligence Period and shall conduct all of its Due Diligence Investigations at its sole cost and expense. The Developer shall rely solely and exclusively upon the results of its Due Diligence Investigations of the Property, including, without limitation, investigations regarding geotechnical soil conditions, compliance with applicable laws pertaining to the use of the Property by the Developer and any other matters relevant to the condition or suitability of the Property for the Project, as the Developer may deem necessary or appropriate. Authority makes no representation or warranty to the Developer relating to the condition of the Property or suitability of the Property for any intended use or development by the Developer. The Developer shall deliver a Due Diligence Investigation Rejection Notice to the Authority prior to the end of the Due Diligence Period. If the Developer does not timely deliver its Due Diligence Investigation Rejection Notice prior to the end of the Due Diligence Period, the Developer shall be deemed to have accepted the condition of the Property in its current condition. If the condition of the Property is rejected, then either Party shall have the right, subject to Section 2.4.2, to cancel the Escrow and terminate this Agreement, in its sole discretion, without liability to the other Party or any other person, by delivery of a written notice of termination to the other Party and Escrow Holder. The Developer shall accept all conditions of the Property, without any liability of the Authority whatsoever, upon the Developer's deemed acceptance of the condition of the Property by its failure to timely deliver its Due Diligence Investigation Rejection Notice. The Developer's failure to timely deliver its Due Diligence Investigation Rejection Notice shall evidence the acceptance of the condition of the Property by the Developer in its existing "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition, as of the last day of the Due Diligence Period. In its sole discretion, the Developer may accept the Property in its "AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition at any time before the end of the Due Diligence Period. The Developer shall conduct during the Due Diligence Period such environmental assessment(s) of the Property as the Developer deems appropriate. If such assessment(s) do not reveal the presence of any Hazardous Substances on the Property in levels that exceed applicable Governmental Requirements, then the Authority shall promptly and at its sole cost and expense install security fencing around the Property. If such assessment(s) do reveal the presence of any Hazardous Substances on the Property in levels that exceed applicable Governmental Requirements, then the Authority and the Developer shall negotiate in good faith in an effort to reach agreement as to the allocation of responsibility and cost of remediation thereof.

2.5.2 Any Due Diligence Investigations of the Property by the Developer shall not unreasonably disrupt any then existing use or occupancy of the Property or the operations of the Authority. The Developer shall be liable for any damage or injury to any person or property arising from the acts of the Developer, its employees, agents or representatives during the course of any Due Diligence Investigations on the Property and the Developer shall indemnify, defend with counsel reasonably acceptable to the Authority and hold harmless the Authority and its elected officials, officers, directors, attorneys, contractors, agents and employees from any and all actual or alleged liens, claims, demands or liability arising from any Due Diligence Investigations by the Developer on the Property other than for discovery of existing conditions on the Property. Prior to commencing any Due Diligence Investigations on the Property, the Developer shall deliver copies of policies or certificates of insurance to the Authority evidencing compliance by the Developer with the liability insurance requirements of Section 5.3.

2.5.3 Before exercising any right a Party may have under this Section 2.5 to cancel the Escrow and terminate this Agreement, such Party shall notify the non-terminating Parties in writing of its election to terminate and shall, upon a non-terminating Party's request, which must be delivered, if at all, within three (3) days following its receipt of the terminating Party's notice of election to terminate, meet and confer with the non-terminating Parties for a period of thirty (30) days. During such time, the Parties shall meet as often as reasonably requested by any Party to negotiate, in good faith, methods and means by which the objectionable due diligence matter may be eliminated or mitigated. Nothing herein shall constitute an agreement, representation, or warranty by any Party that an acceptable resolution of the objectionable due diligence matter will be achieved, nor shall any Party be obligated to expend any funds or undertake any other action whatsoever with respect to such due diligence matter unless such obligation is reduced to a writing which is approved by all Parties, in their sole and absolute discretion. If, at the end of such thirty (30) day period, the Parties have not been able to agree on a mutually acceptable method of resolving the objectionable due diligence matter, or if any proposed agreement is disapproved by the Authority Board, the Escrow shall be cancelled, this Agreement shall be terminated without liability to any Party, and the Parties shall proceed pursuant to Section 3.10.

2.6 Developer to Obtain all Project Entitlements. Pursuant to the ENA, Developer has developed and presented to Authority staff and the Authority Board, for review, the following (collectively, the "**Plans and Specifications**"):

2.6.1.1 A proposed complete conceptual development plan for the Project on the Property that describes and depicts: (1) the location and placement of proposed buildings and (2) the architecture and elevations of the proposed buildings;

2.6.1.2 Proposed zoning change or changes to the Authority's General Plan, if any, necessary to accommodate the Project on the Property;

2.6.1.3 The proposed unit mix, showing unit size and affordability levels, including one manager's unit, for the Project;

2.6.1.4 A proposed time schedule and cost estimates for the development of the Project on the Property; and

2.6.1.5 A proposed financing plan identifying financing sources for all private and public improvements proposed for the Project

2.6.2 The City of Pomona's zoning, building and land use regulations (whether contained in ordinances, the City's municipal code, conditions of approval, policies, practice or elsewhere) (collectively, the "**City Requirements**"), shall be applicable to the use and development of the Project on the Property by the Developer. The Developer acknowledges that all Plans and Specifications and any changes to the Plans and Specifications shall be subject to the City Requirements. No action by the Authority with reference to this Agreement or any related documents shall be deemed to constitute a waiver of any City Requirements regarding the Property, the Project, the Developer, any successor-in-interest of the Developer or any successor-in-interest to the Property. No entitlement, permit or other approval from the Authority for

development of the Project on the Property shall attach to any portion of the Property or otherwise become effective to allow the Developer to develop the Project on the Property until after the Developer owns fee title to that portion of the Property to which such entitlement, permit or other approval pertains. Under no circumstances shall the Developer commence development of any portion of the Project on the Property prior to the Developer owning fee title to the Property.

2.6.3 The approval of the Scope of Development shall not be binding on the City Council or the Planning Commission of the City regarding any approvals of the Project required by such bodies. The Developer obtains no right to develop the Project on the Property or any portion of the Property by virtue of this Agreement, except that following the Close of Escrow, the Developer shall possess the same rights as any other owner of property within the Property that desires to develop its property in a manner consistent with the City's General Plan. If any revisions of the Scope of Development are required by a Governmental Agency (other than the Authority) having jurisdiction over the Property or the Project, the Developer shall promptly make any such revisions that are generally consistent with the Scope of Development.

2.6.4 Notwithstanding any provision to the contrary in this Agreement, following the Close of Escrow, the Developer agrees to accept and comply fully with any and all conditions of approval applicable to all approvals, permits and other governmental actions regarding the development or operation of the Project on the Property, so long as such conditions of approval are consistent with the Scope of Development and this Agreement in all material respects.

2.6.5 Developer to Pay All Costs and Expenses. The Parties agree that the Authority shall not provide any financial assistance to the Developer in connection with the Project except as may be expressly set forth in this Agreement. The Developer shall be solely responsible for paying for the costs of all design work, construction, labor, materials, fees and permit expenses associated with the Project. The Developer shall pay any and all fees pertaining to the review and approval of the Project by the City, any other Governmental Agency and utility service providers, including the costs of preparation of all required construction, planning and other documents reasonably required by a Governmental Agency pertinent to the development or operation of the Project on the Property, including, but not limited to, specifications, drawings, plans, maps, permit applications, land use applications, zoning applications, environmental review and disclosure documents and design review documents. The Developer shall pay for any and all costs, including, but not limited to, the costs of design, construction, relocation and securing of permits for sewer or utility improvements and connections, that may be required in development of the Project, whether located on or off of the Property. The Developer shall obtain any and all necessary approvals, prior to the commencement of applicable portions of construction, and the Developer shall take reasonable precautions to ensure the safety and stability of surrounding properties during said construction. In accordance with this Section 2.6.5, Developer shall be responsible for the costs, or immediate reimbursement to the Authority upon delivery of an invoice for the costs, of the following:

2.6.5.1 all fees or expenses of engineers, architects, financial consultants, legal, planning or other consultants or contractors, retained by the Developer for any study, analysis, evaluation, report, schedule, estimate, environmental review, planning and/or design

activities, drawings, specifications or other activity or matter relating to the Property or the Project or the negotiation of this Agreement that may be undertaken by the Developer;

2.6.5.2 all fees, charges and costs, make all deposits and provide all bonds or other security associated with the submission to and processing by the Authority of any and all applications and other documents and information to be submitted to the Authority by the Developer pursuant to this Agreement or otherwise associated with the Project; and

2.6.6 The Developer shall obtain all entitlements, permits and other approvals for use and development of the Project on the Property from each Governmental Agency, within the time period for such actions specifically set forth in the Schedule of Performance, subject to any extensions of time authorized by this Agreement upon the occurrence of an Unavoidable Delay.

2.7 Delivery of Property Free of Occupants.At the Close of Escrow, the Authority will deliver possession of the Property to Developer free and clear of any contractual rights created by or with the consent of the Authority for any person or entity (other than Developer) to use or occupy the Property.

2.8 Project Marketing Plan.At least forty-five (45) calendar days prior to the Close of Escrow, Developer shall submit to the Authority an affirmative fair housing marketing plan for the Project. Within ten (10) calendar days after the Authority receives such marketing plan submitted by Developer, the Authority shall approve or disapprove such marketing plan. The Authority's failure to approve such marketing plan within the specified ten (10) calendar day period, shall constitute Authority's deemed approval of such marketing plan.

ARTICLE III.

ESCROW INSTRUCTIONS

3.1 Opening of Escrow. For purposes of this Agreement, the opening of Escrow shall be the first date on which a fully executed copy of this Agreement is deposited with Escrow Holder ("**Escrow Opening Date**"). The Developer shall cause the Escrow to be opened within five (5) days following the Effective Date. Escrow Holder shall promptly confirm in writing to each of the Parties the date of the Escrow Opening Date. This ARTICLE III shall constitute the joint escrow instructions of the Authority and the Developer to Escrow Holder for conduct of the Escrow to complete the purchase and sale of the Property between them, as contemplated in this Agreement.

3.2 Conditions to Close of Escrow. The conditions set forth below shall be satisfied or waived in writing by the respective benefited Party on or before the Escrow Closing Date or the Party benefited by any unsatisfied condition shall not be required to proceed to close Escrow.

3.2.1 Developer's Conditions to Close of Escrow. The Developer's obligation to purchase the Property from the Authority on the Escrow Closing Date shall be subject to the satisfaction of the following conditions precedent, each of which can only be waived in writing by the Developer:

3.2.1.1 The Developer agrees, or is deemed, to accept the title to and conveyance of the Property, pursuant to Section 2.4;

3.2.1.2 The Developer fails to deliver a Due Diligence Investigation Rejection Notice to the Authority prior to the expiration of the Due Diligence Period;

3.2.1.3 Developer has received a Tax Credit reservation for the Project from TCAC;

3.2.1.4 Developer has received the commitments for funding to make the construction and operation of the Project financially feasible consistent with the Project Budget;

3.2.1.5 The Title Company is unconditionally committed to issue the Title Policy for the Property, subject to any Permitted Exceptions, to the Developer;

3.2.1.6 Developer approves the Escrow Holder's estimated Escrow closing/settlement statement;

3.2.1.7 The representations, warranties and covenants of the Authority set forth in Section 1.2.1 are true and correct in all material respects on the Effective Date and on the Escrow Closing Date;

3.2.1.8 The Developer has obtained all entitlements required in connection with the development of the Property, subject to conditions of approval reasonably acceptable to Developer, any applicable appeal period has expired without appeal having been filed or, if an appeal is filed, such appeal has been denied, and no legal action has been instituted against Developer or the City alleging the invalidity of such entitlements;

3.2.1.9 The Authority has completed all of its material obligations required by this Agreement to be completed prior to the Close of Escrow; and

3.2.1.10 The Authority deposits the items into the Escrow required by Section 3.3.

3.2.2 Authority's Conditions to Close of Escrow. The Authority's obligation to sell the Property to the Developer on or before the Escrow Closing Date shall be subject to the satisfaction of the following conditions precedent, which can only be waived in writing by the Authority:

3.2.2.1 The Developer agrees, or is deemed, to accept the title to and conveyance of the Property, pursuant to Section 2.4;

3.2.2.2 The Developer fails to deliver a Due Diligence Investigation Rejection Notice to the Authority prior to the expiration of the Due Diligence Period;

3.2.2.3 The Title Company is unconditionally committed to issue the Title Policy for the Property, subject to any Permitted Exceptions, to the Developer;

3.2.2.4 The Developer submits to the Authority evidence satisfactory to the Authority, in the Authority's reasonable discretion, that the Developer has obtained all entitlements necessary for the development of the Property from each applicable Governmental Agency, including the Authority;

3.2.2.5 The Developer has completed all of its material obligations required by this Agreement to be completed prior to the Close of Escrow;

3.2.2.6 The Developer submits to the Authority the Developer's organizational documents;

3.2.2.7 The Developer submits to the Authority the marketing plan for the Project pursuant to Section 2.8;

3.2.2.8 The Developer submits to the Authority a copy of the construction contract for the Project in substantially final form (with a copy of the final construction contract being delivered to the Authority by Close of Escrow);

3.2.2.9 The Developer submits to the Authority copies of the Construction Financing Documents in substantially final form (with copies of the final Construction Financing Documents being delivered to the Authority through Close of Escrow);

3.2.2.10 The Developer submits to the Authority a document evidencing a commitment from the Tax Credit Investor to Developer to provide the Tax Credit Equity;

3.2.2.11 The Developer submits to the Authority documents evidencing a commitment from an Institutional Lender to Developer to provide the Permanent Loan;

3.2.2.12 The Developer submits to the Authority documents evidencing a commitment from the Lender(s) of all Subordinate Loan(s), if any, to Developer to provide the Subordinate Loan(s);

3.2.2.13 Developer has received any other commitments for funding to make the construction and operation of the Project financially feasible consistent with the Project Budget;

3.2.2.14 The representations, warranties and covenants of the Developer set forth in Section 1.2.2 are true and correct in all material respects on the Effective Date and on the Escrow Closing Date; and

3.2.2.15 The Developer deposits the items into the Escrow required by Section 3.3.

3.3 Developer's Escrow Deposits. Following satisfaction or waiver of each of the Developer's conditions to Close of Escrow set forth in Section 3.2.1, the Developer shall deposit

the following funds and documents into Escrow at least one (1) business days prior to the Escrow Closing Date in a writing delivered to the Parties:

3.3.1 PCO Statement. A PCO Statement executed by the authorized representative(s) of the Developer.

3.3.2 Grant Deed. The Grant Deed, executed by the authorized representative(s) of the Developer in recordable form.

3.3.3 Notice of Agreement. The Notice of Agreement executed by the authorized representative(s) of the Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.4 Regulatory Agreement. The Regulatory Agreement executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.5 Construction Financing Security Instrument(s). A Permitted Security Instrument(s) securing repayment of the Construction Financing, executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.6 Note. The Note signed by the authorized representative(s) of Developer.

3.3.7 Deed of Trust. The Deed of Trust executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.8 Subordinate Loan(s) Security Instrument(s). Permitted Security Instrument(s) securing repayment of the Subordinate Loan(s), if any, executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.9 Subordinate Loan Land Use Restriction Agreement(s). Agreement(s) restricting occupancy and rents in the Project as required by the Subordinate Loans, if any, executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.10 Subordination Agreements. Subordination agreement(s) subordinating the Deed of Trust and Regulatory Agreement in the form provided by an Institutional Lender, reasonably approved by the Authority and executed by the authorized representative(s) of Developer in recordable form, to be recorded against the Property at the Close of Escrow.

3.3.11 Other Funds and Documents. Such documents required from Developer under the terms of this Agreement to close the Escrow, including funds as required to pay all Escrow closing costs, which shall be the sole responsibility of Developer, or by the Escrow Holder in the performance of the Escrow Holder's contractual or statutory obligations relating to the Escrow.

3.4 Authority's Escrow Deposits. Following satisfaction or waiver of each of the Authority's conditions to Close of Escrow set forth in Section 3.2.2, the Authority shall deposit the following documents into Escrow at least one (1) business days prior to the Escrow Closing Date:

3.4.1 Grant Deed. The Grant Deed executed by the authorized representative(s) of the Authority in recordable form.

3.4.2 FIRPTA Affidavit (Authority). The FIRPTA Affidavit completed and executed by the authorized representative(s) of the Authority.

3.4.3 Notice of Agreement. The Notice of Agreement executed by the authorized representative(s) of the Authority in recordable form.

3.4.4 Regulatory Agreement. The Regulatory Agreement signed by the authorized representative(s) of the Authority in recordable form, which shall be recorded against the entire Property.

3.4.5 Subordination Agreements. Subordination agreement(s) subordinating the Deed of Trust in the form provided by an Institutional Lender, reasonably approved by the Authority and executed by the authorized representative(s) of the Authority in recordable form, which shall be recorded against the Property.

3.4.6 Other Documents. Such other documents required from the Authority under the terms of this Agreement to close the Escrow or by the Escrow Holder in the performance of the Escrow Holder's contractual or statutory obligations regarding the Escrow.

3.5 Closing Procedure. When each of the Developer's Escrow required deposits, as set forth in Section 3.3, and each of the Authority's Escrow required deposits, as set forth in Section 3.4, are deposited into Escrow, Escrow Holder shall request confirmation in writing from both the Authority and the Developer that each of their respective conditions to the Close of Escrow, as set forth in Section 3.2, are satisfied or waived. Upon Escrow Holder's receipt of written confirmation from both the Authority and the Developer that each of their respective conditions to the Close of Escrow are either satisfied or waived, Escrow Holder shall close the Escrow for the Property by doing all of the following:

3.5.1 Recordation of Documents. File the documents set forth in Section 3.7 with the Office of the Recorder of the County, for recordation in the order set forth in Section 3.7.

3.5.2 Distribution of Recorded Documents. Distribute each recorded document to the Party or person designated for such distribution in Section 3.7.

3.5.3 PCO Statement. File the PCO Statement with the Office of the Recorder of the County.

3.5.4 FIRPTA Affidavit. File the FIRPTA Affidavit with the United States Internal Revenue Service.

3.5.5 Title Policy. Obtain and deliver the Title Policy to the Developer.

3.5.6 Original Notes. Deliver the original Note to the Authority.

3.5.7 Funds. Deliver all funds held by the Escrow Holder for the account of Authority to Authority, less any charges to the account of Authority pursuant to the terms of this Agreement, and all other remaining funds held by the Escrow Holder for the account of Developer to Developer and less any other charges to the account of Developer pursuant to the terms of this Agreement.

3.6 Close of Escrow. The Close of Escrow shall occur on or before the Escrow Closing Date. The Authority and the Developer may mutually agree to change the Escrow Closing Date by joint written instruction to the Escrow Holder. The Executive Director is authorized to agree to one or more extensions of the Escrow Closing Date on behalf of the Authority up to a maximum time period extension of six (6) months in the aggregate, in the Executive Director's sole and absolute discretion. If for any reason the Close of Escrow has not occurred by the Escrow Closing Date, then any Party not then in default of this Agreement may cancel the Escrow and terminate this Agreement, subject to the notice and cure provisions of Section 7.1 (to the extent applicable), without liability to any other Party or any other person for such termination and cancellation, by delivering written notice of termination to the other Party(ies) and Escrow Holder and, thereafter, the Parties shall proceed pursuant to Section 3.10 if the non-terminating Party is not in default or pursuant to Section 7.1 or 7.1.4.6 (as applicable) if the non-terminating Party is in default. Without limiting the right of any Party to terminate this Agreement, pursuant to the preceding sentence, if Escrow does not close on or before the Escrow Closing Date, and no Party has exercised its contractual right to cancel Escrow and terminate this Agreement before such time, then Escrow shall close as soon as reasonably possible following the first date on which Escrow Holder is in a position to close the Escrow pursuant to the terms and conditions of this Agreement.

3.7 Recordation and Distribution of Documents. As applicable, Escrow Holder shall cause the following documents to be recorded in the official records of the Recorder of the County in the following order of priority at the Close of Escrow: (a) the Grant Deed; (b) the TCAC Regulatory Agreement; (c) Permitted Security Instrument(s) securing the Construction Financing; (d) the Regulatory Agreement; (e) the Notice of Agreement; (f) the Deed of Trust; (g) the land use restriction agreement required by the Lender of the Subordinate Loan(s), if any; (h) the deed of trust securing the Subordinate Loan(s), if any; (i) the Subordination Agreements described in Sections 3.3.8 and 3.4.5; and (j) any other documents to be recorded through the Escrow upon the joint instructions of the Authority and the Developer. The Escrow Holder shall deliver conformed copies of all documents filed for recording in the official records of the County through the Escrow to the Authority, the Developer and any other entity or person designated in the written joint escrow instructions of the Parties to receive an original or conformed copy of each such document. Each copy of a document filed for recording shall show all recording information. The Parties intend and agree that this Section 3.7 shall establish the relative priorities of the documents to be recorded in the official records of the County through the Escrow, by providing for recordation of Senior interests prior in time to junior interests, as provided in this Section 3.7.

3.8 Escrow Closing Costs, Taxes and Title Policy Premium. The Developer shall pay the Escrow fees and such other costs as Escrow Holder may charge for the conduct of the Escrow. Escrow Holder shall notify the Developer and the Authority of the costs to be borne by Developer at the Close of Escrow by delivering the Escrow Holder's estimated closing/settlement statement to both the Authority and the Developer at least four (4) business days prior to the Escrow Closing Date. The Developer shall pay the premium charged by the Title Company for the standard Title Policy for the Property, as well as documentary transfer taxes and any and all other charges, fees and taxes levied by a Governmental Agency relative to the conveyance of any portion of the Property through the Escrow transaction contemplated in this Agreement. The Developer shall additionally pay any and all recording fees relative to the conveyance of any portion of the Property through the Escrow transaction contemplated in this Agreement.

3.9 Escrow Cancellation Charges. If the Escrow fails to close due to either the Authority's material default under this Agreement and the Escrow is cancelled and this Agreement is terminated, the Authority shall pay all ordinary and reasonable Escrow and title order cancellation charges. If the Escrow fails to close due to the Developer's material default under this Agreement and the Escrow is cancelled and this Agreement is terminated, the Developer shall pay all ordinary and reasonable Escrow and title order cancellation charges. If the Escrow fails to close for any reason other than the material default of either the Developer or the Authority and the Escrow is cancelled and this Agreement is terminated, the Developer and the Authority shall each pay one-half (1/2) of any ordinary and reasonable Escrow and title order cancellation charges.

3.10 Escrow Cancellation. If this Agreement is terminated and the Escrow cancelled pursuant to a contractual right granted to a Party in this Agreement to terminate this Agreement and cancel the Escrow, other than due to the material default of another Party, the Parties shall do each of the following:

3.10.1 Cancellation Instructions. The Parties shall, within three (3) business days of receipt of Escrow Holder's written request, execute any reasonable Escrow cancellation instructions requested by Escrow Holder;

3.10.2 Return of Funds and Documents. Within ten (10) days of receipt by the Parties of a settlement statement of Escrow and title order cancellation charges from Escrow Holder: (a) the Developer or Escrow Holder shall return to the Authority any documents previously delivered by the Authority to the Developer or Escrow Holder, (b) the Authority or Escrow Holder shall return to the Developer all documents previously delivered by the Developer to the Authority or Escrow Holder; (c) Escrow Holder shall return to the Developer any funds deposited by Developer into Escrow, less the Developer's share of customary and reasonable Escrow and title order cancellation charges, if any; and (d) Escrow Holder shall return to the Authority any funds deposited by Authority into Escrow if it has already been deposited, less the Authority's share of customary and reasonable Escrow and title order cancellation charges, if any.

3.11 Report to IRS. Following the Close of Escrow and prior to the last date on which such report is required to be filed with the Internal Revenue Service, if such report is required

pursuant to Section 6045(e) of the Internal Revenue Code, Escrow Holder shall report the gross proceeds of the purchase and sale of the Property to the Internal Revenue Service on Form 1099-B, W-9 or such other form(s) as may be specified by the Internal Revenue Service pursuant to Section 6045(e). Upon the filing of such reporting form with the Internal Revenue Service, Escrow Holder shall deliver a copy of the filed form to the Authority and the Developer.

ARTICLE IV.

PROJECT DEVELOPMENT

4.1 Developer Covenant to Undertake Project. The Developer covenants, for itself, its successors and assigns, to and for the benefit of the Authority, that the Developer shall commence and complete the development of the Project on the Property within the time period for such actions set forth in the Schedule of Performance. The Developer covenants and agrees for itself, its successors, and assigns, that the Property shall be improved and developed with the Project in substantial conformity with the terms and conditions of this Agreement, the Scope of Development, the Schedule of Performance, any and all plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and among the Parties, and all applicable laws, regulations, orders and conditions of each Governmental Agency with jurisdiction over the Property or the Project. The covenants of this Section 4.1 shall run with the land of the Property until the date of recordation of the Certificate of Completion.

4.2 Construction Contract; Construction Schedule Prior to commencing construction of the Project, Developer shall provide to City a copy of a stipulated sum-based construction contract or guaranteed maximum price construction contract between Developer and its general contractor for all of the improvements required to be constructed by Developer hereunder, certified by Developer to be a true and correct copy thereof. Developer shall obtain building permits, and commence and complete construction of the Project by the respective times established therefor in the Schedule of Performance. For all subcontracts in an amount of two hundred thousand dollars ($200,000), the Developer shall request and attempt to obtain bids from three (3) qualified contractors, copies of which bids shall be provided to the City. Developer's selection of such subcontractors shall be subject to the prior reasonable approval of the City. The Authority shall have the right, through completion of construction and upon reasonable notice, to inspect the books and records of the Developer and the general contractor pertaining to the construction of the Project as pertinent to the verification and to determine the reasonableness of all costs incurred during the course of construction. **Construction Start and Completion of Project.** The Developer shall commence construction of the Project no later than the Project Commencement Date and, thereafter, shall diligently proceed to complete the construction of the Project in a good and workmanlike manner in substantial conformity with the approved plans, specifications, and conditions for the Project approved by the Authority and the Schedule of Performance, subject to Unavoidable Delays. The Developer shall obtain a Certificate of Completion on or before the Project Completion Date, subject to Unavoidable Delays. The Developer will, promptly upon Completion of Construction of the Project, cause the Project to be inspected by each Governmental Agency with jurisdiction over the Project, shall correct any defects and deficiencies that may be disclosed by any such inspection and shall cause to be duly issued all occupancy certificates and other licenses, permits and authorizations

necessary for the operation and occupancy of the completed Project. The Developer shall do and perform all of the foregoing acts and things and cause to be issued and executed all such occupancy certificates, licenses, and authorizations for the Project on or before the date set forth therefor in the Schedule of Performance as the completion date for the Project. After commencement of the work of improvement of the Project, the Developer shall not permit the work of improvement of the Project to cease or be suspended for a time period in excess of thirty (30) consecutive calendar days, subject to Unavoidable Delays.

4.4 Compliance with Laws. All work performed in connection with the development of the Project shall comply with all Governmental Requirements.

4.5 Schedule of Performance. The Schedule of Performance establishes various dates and times for the accomplishment of various tasks assigned to the Authority and the Developer and the satisfaction of the conditions precedent to the close of the Escrow. The Parties agree that time is of the essence in the performance of such tasks and the satisfaction of conditions precedent, in view of the large investment of resources that all Parties recognize will be required for the undertaking of the Project. If the date or time for the performance of a task or the satisfaction of a condition, as set forth in either the text of this Agreement or in the Schedule of Performance, may not be achieved, then prior to such date or time set forth in the text of this Agreement or the Schedule of Performance, the Parties shall consider whether a modification to the text of this Agreement or to the Schedule of Performance is indicated. Any decision to approve a modification to a time or date established in either the text of this Agreement or the Schedule of Performance shall be subject to the sole discretion of each Party. Any modification of a time or date for performance of a particular task or satisfaction of a particular condition that does not result in a change of more than one hundred eighty (180) days may be approved on behalf of the Authority by the Executive Director, in his or her reasonable discretion. A modification of a time or date for performance of a task or satisfaction of a condition (or a series of such modifications) that results in an aggregate change of more than one hundred eighty (180) days shall be subject to the approval of the Authority Board, in its sole and absolute discretion. If performance of a task or satisfaction of a condition in the Schedule Performance is prevented or delayed by Unavoidable Delays, the deadline for completion of such task or satisfaction of such condition shall be extended by the period of such Unavoidable Delays.

4.6 Developer Attendance at Authority Meetings. The Developer agrees to have one or more of its employees or consultants who are knowledgeable regarding this Agreement and the development of the Project, such that such person(s) can meaningfully respond to Authority questions regarding the progress of the Project, attend Authority Board meetings, when requested to do so on not less than ten (10) days prior written notice by Authority staff.

4.7 Authority's Right to Inspect Project and Property. Officers, employees, agents and representatives of the Authority shall have the right of reasonable access to the Property, without the payment of charges or fees, during normal construction hours, during the period of construction of the Project. Such officers, employees, agents or representatives of the Authority shall be those persons who are designated by the Executive Director. Any and all officers, employees, agents or representatives of the Authority who enter the Property shall identify themselves at the construction management office on the Property, upon their entrance on to the Property, and shall at all times be accompanied by a representative of the Developer, while on

the Property. The Developer shall make a representative of the Developer available for this purpose at all times during normal construction hours, upon reasonable notice from the Authority. The Authority shall indemnify and hold the Developer harmless from injury, property damage or liability arising out of the exercise by the Authority of the right of access to the Property provided in this Section 4.6, other than injury, property damage or liability arising from the negligence or willful misconduct of the Developer or its officers, agents or employees. If in the Authority's reasonable judgment it is necessary, the Authority shall have the further right, from time to time, to retain a consultant or consultants to inspect the Project and verify compliance by the Developer with the provisions of this Agreement. The Developer acknowledges and agrees that any such inspections are for the sole purpose of protecting the Authority's rights under this Agreement, are made solely for the Authority's benefit, that the inspections may be superficial and general in nature, and are for the purposes of informing the Authority of the progress of the Project and the conformity of the Project with the terms and conditions of this Agreement, and that the Developer shall not be entitled to rely on any such inspection(s) as constituting an approval, satisfaction or acceptance of any materials, workmanship, conformity of the Project with this Agreement or otherwise. The Developer agrees to make its own regular inspections of the work of construction of the Project to determine that the quality of the Project and all other requirements of the work of construction of the Project are being performed in a manner satisfactory to the Developer. The Developer also agrees to immediately notify the Authority in writing should the Developer's inspections show any matters that will prevent the entire Project from being completed by the Project Completion Date set forth therefore in the Schedule of Performance. Without limiting the foregoing, the Developer shall permit the Authority upon reasonable notice to examine and copy all books and account records and other papers relating to the Property and the construction of the Project. The Developer will use commercially reasonable efforts to cause all contractors, subcontractors and materialmen to cooperate with the Authority to enable such examination.

4.8 Cost of Construction. The cost and expense of undertaking and completing the Project, including, without limitation, constructing all legally imposed on- and off-site improvements, and providing all utilities therefor, shall be borne by Developer at its sole cost, expense and liability except as otherwise provided in this Agreement. Developer shall be solely responsible for payment of all land use, construction, inspection, plan check and development impact fees imposed by the City with respect to the development of the Project. Developer shall bear all costs and expenses associated with the processing and obtaining of the entitlements and shall bear all costs and expenses (except to the extent expressly set forth otherwise in this Agreement), associated with any and all terms, conditions, requirements, mitigation measures and other exactions imposed on, or required in connection with, the entitlements.

4.9 Prevailing Wages. The Developer acknowledges that the Authority has not made any representation, express or implied, to the Developer or any person associated with the Developer regarding whether or not laborers employed relative to the construction of the Project must be paid the prevailing per diem wage rate for their labor classification, as determined by the State of California, pursuant to Labor Code Sections 1720, et seq. The Developer agrees with the Authority that the Developer shall assume the responsibility and be solely responsible for determining whether or not laborers employed relative to the construction of the Project must be paid the prevailing per diem wage rate for their labor classification.

4.9.2 The Developer, on behalf of itself, its successors, and assigns, waives and releases the Authority from any right of action that may be available to it pursuant to Labor Code Sections 1726 and 1781. The Developer acknowledges the protections of Civil Code Section 1542 relative to the waiver and release contained in this Section 4.9, which reads as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, THE DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF THIS SECTION 4.9.2.

_____
Developer's Initials

4.9.3 Additionally, in accordance with Section 7.5, the Developer shall indemnify, defend with counsel acceptable to the Authority and hold the Authority harmless against any claims pursuant to Labor Code Sections 1726 and 1781 arising from this Agreement or the construction or operation of the Project.

4.10 Certificate of Completion. Following the substantial Completion of Construction of the Project, and upon written request from the Developer for issuance of a Certificate of Completion for the Project, the Authority shall inspect the Project to determine whether or not the Project has been substantially completed in compliance with this Agreement. If the Authority determines that the Project is complete and in compliance with this Agreement, the Executive Director shall furnish the Developer with a Certificate of Completion for the Project. If the Authority determines that the Project is not in compliance with this Agreement, the Executive Director shall send written notice of each non-conformity to the Developer. Upon issuance of the final certificate of occupancy for the development of the Project, based on the plans submitted by the Developer to the Authority, the Authority shall furnish the Developer with a Certificate of Completion for the Project.

4.10.2 The Certificate of Completion, upon issuance, shall be evidence of the Authority's conclusive determination of satisfactory substantial completion of the entirety of the Project pursuant to the terms of this Agreement.

4.10.3 The Authority shall not unreasonably withhold the issuance of a Certificate of Completion. After the recordation of a Certificate of Completion for the Project, any person then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Property improved with the Project shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement regarding construction or installation of the Project except that such person shall be bound by any reservations, covenants,

conditions, restrictions and other interests recorded against the Property pursuant to this Agreement.

4.10.4 If the Authority fails or refuses to issue a Certificate of Completion following written request from the Developer, the Authority shall, within fifteen (15) calendar days of the Developer's written request or within three (3) calendar days after the next regular meeting of the Authority Board, whichever date occurs later, provide the Developer with a written statement setting forth the reasons for the Authority's failure or refusal to issue a Certificate of Completion. The statement shall also contain the Authority's opinion of the action(s) the Developer must take to obtain a Certificate of Completion from the Authority. If the reason for the Developer's failure to complete the Project is confined to the immediate unavailability of specific items or materials for construction or landscaping at a price reasonably acceptable to the Developer or other minor building "punch-list" items, the Authority may issue its Certificate of Completion upon the posting of a bond or irrevocable standby letter of credit by the Developer in a form reasonably acceptable to the Authority in an amount representing the fair value of the work on the Project remaining to be completed, as reasonably determined by the Authority. If the Authority fails to provide such written statement, within the specified time period, the Developer shall be deemed conclusively and without further action of the Authority to have satisfied the requirements of this Agreement with respect to the Project, as if a Certificate of Completion had been issued by the Authority pursuant to this Agreement.

4.10.5 A Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance the Project, or any parts thereof. A Certificate of Completion shall not be deemed to constitute a notice of completion under Section 3093 of the California Civil Code, nor shall it act to terminate the continuing covenants, restrictions or conditions contained in any instruments recorded against the Property pursuant to this Agreement. A Certificate of Completion is not evidence of the compliance of the Project with any City Requirements or any building code, conditions of approval, land use, zoning or other requirements of the City or any Governmental Agency with jurisdiction over the Property, other than the Authority.

ARTICLE V.

DEVELOPER COVENANTS

5.1 Obligation to Refrain from Discrimination.The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-tenants, sub-lessees or vendees of the Property. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to this Section 5.1. The

covenant of this Section 5.1 shall run with the land of the Property and shall be enforceable against the Developer and its successors and assigns in perpetuity.

5.2 Form of Non-Discrimination and Non-Segregation Clauses. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

5.2.1 The Developer, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any portion thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to this Section 5.2.1.

5.2.2 All deeds, leases or contracts pertaining to the Property shall contain or be subject to substantially the following non-discrimination or non-segregation covenants:

5.2.2.1 In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-tenants, sub-lessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

5.2.2.2 In leases: "The lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants lessees, sub-lessee, sub-tenants, or vendees in the premises herein leased.

5.2.2.3 In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed or leased, nor shall the transferee or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sub-lessees, sub-tenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

The covenant of this Section 5.2 shall run with the land of the Property in perpetuity, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

5.3 Environmental Indemnity of the Authority by the Developer. The Developer agrees, at its sole cost and expense, to fully indemnify, protect, hold harmless, and defend (with counsel selected by the Developer and reasonably approved by the Authority) the Authority and its commissions, agents, attorneys, officers, employees, and authorized representatives (collectively, the "**Indemnified Parties**"), from and against any and all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses, including, without limitation, attorney fees, disbursements and costs of attorneys, environmental consultants and other experts, and all foreseeable and unforeseeable damages or costs of any kind or of any nature whatsoever (collectively, "**Environmental Claims**") that may, at any time, be imposed upon, incurred or suffered by, or claimed, asserted or awarded against, the Indemnified Parties, relating to or arising from any of the following "**Environmental Matters**" existing or occurring during or arising from the Developer's ownership of the Property or construction or operation of the Project:

5.3.1 The presence of Hazardous Substances on, in, under, from or affecting all or any portion of the Property or the Project.

5.3.2 The storage, holding, handling, release, threatened release, discharge, generation, leak, abatement, removal or transportation of any Hazardous Substances on, in, under, from or affecting the Property or the Project.

5.3.3 The violation of any law, rule, regulation, judgment, order, permit, license, agreement, covenant, restriction, requirement or the like by the Developer, its agents or contractors, relating to or governing in any way Hazardous Substances on, in, under, from or affecting the Property or the Project.

5.3.4 The failure of the Developer, its agents or contractors, to properly complete, obtain, submit and/or file any and all notices, permits, licenses, authorizations, covenants and the like in connection with the Developer's activities on the Property or regarding the Project.

5.3.5 The implementation and enforcement by the Developer, its agents or contractors of any monitoring, notification or other precautionary measures that may, at any time, become necessary to protect against the release, potential release or discharge of Hazardous Substances on, in, under, from or affecting the Property or the Project.

5.3.6 The failure of the Developer, its agents or contractors, in compliance with all applicable Environmental Laws, to lawfully remove, contain, transport or dispose of any Hazardous Substances existing, stored or generated on, in, under or from the Property or the Project.

5.3.7 Any investigation, inquiry, order, hearing, action or other proceeding by or before any Governmental Agency in connection with any Hazardous Substances on, in, under, from or affecting the Property or the Project or the violation of any Environmental Law relating to the Property or the Project.

5.3.8 The Developer shall pay to the Indemnified Parties all costs and expenses including, without limitation, reasonable attorneys' fees and costs, incurred by the Indemnified Parties in connection with enforcement of the aforementioned environmental indemnity.

5.3.9 Notwithstanding anything to the contrary in this Section 5.3, Developer shall have no obligation to indemnify any of the Indemnified Parties with respect to Environmental Matters or Environmental Claims (i) relating to or arising from Hazardous Substances that were present on the Property prior to the Close of Escrow, (ii) to the extent relating to or arising from the active negligence or willful misconduct of any of the Indemnified Parties.

5.4 Insurance. In order to protect the Authority and its commissions, agents, attorneys, officers, employees and authorized representatives (collectively, "**Additional Insureds**") against any and all claims and liability for death, injury, loss and damage resulting from the Developer's actions in connection with this Agreement, the Property, and the Project, the Developer shall secure and maintain the insurance coverage, described in and required by this Section 5.4. The Authority shall not have any obligation under this Agreement until the Developer provides the required policies and/or certificates evidencing the insurance required by this Section 5.4 to the Authority and the Authority approves such evidence of insurance. The Developer shall pay any deductibles and self-insured retentions under all insurance policies issued in satisfaction of the terms of this Agreement. Developer shall retain all insurance policies as set forth in this Section 5.4 until recordation of the Certificate of Completion.

5.4.1 Workers' Compensation Insurance Requirement. The Developer shall submit written proof that the Developer is insured against liability for workers' compensation in accordance with the provisions of Section 3700 of the Labor Code. By executing this Agreement, the Developer makes the following certification, required by Section 1861 of the Labor Code:

> "I am aware of the provisions of section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of the Agreement."

The Developer shall require each contractor and sub-contractor performing work on the Project to provide workers' compensation coverage for all of such contractor's or sub-contractor's employees, unless the contractor's or sub-contractor's employees are covered by workers' compensation insurance provided by the Developer. If any class of employees engaged in work or services performed in connection with the Project is not covered by Labor Code Section 3700, the Developer shall provide and/or require each contractor or sub-contractor to provide adequate

workers' compensation insurance covering such employees. Each workers' compensation policy procured pursuant to this Section 5.4.1 shall contain a full waiver of subrogation clause in favor of the Additional Insureds.

5.4.2 Liability and Permanent Insurance Requirements.

5.4.2.1 The Developer shall maintain in full force and effect, from the Effective Date until the issuance of the Certificate of Completion, subject to Section 5.4.2.4, the following insurance coverage:

5.4.2.1.1 Commercial General Liability Insurance coverage, including, but not limited to, Premises-Operations, Contractual Liability Insurance (specifically covering all indemnity obligations of the Developer pursuant to this Agreement), Products-Completed Operations Hazards, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of the construction of the Project and/or the Developer's operations concerning the Property or the Project. The commercial general liability insurance coverage shall have minimum limits for Bodily Injury and Property Damage liability of ONE MILLION DOLLARS ($1,000,000) each occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate.

5.4.2.1.2 Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used by the Developer with minimum limits for Bodily Injury and Property Damage of ONE MILLION DOLLARS ($1,000,000) combined single limit. Such insurance shall be provided by a business or commercial vehicle policy.

5.4.2.1.3 If the Developer hires a consultant to provide design services, such as architectural or engineering services in connection with the Project, or any portion of the Project, the Developer shall require each such consultant to provide Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of such design services, with limits of not less than ONE MILLION DOLLARS ($1,000,000).

5.4.2.1.4 Upon acceptance of the Project or any portion thereof, from each contractor, the Developer shall maintain Fire and Extended Coverage Insurance, excluding earthquake coverage, on the Project on a blanket basis or with an agreed amount clause in amounts not less than 100% of the replacement value of all portions of the Project so accepted.

5.4.2.2 During the construction of the Project, the Developer shall require that each contractor performing work on the Project maintain the following insurance coverage, as specified below, at all times during the performance of said work, or the Developer shall provide for such contractors "wrap" coverage, as specified below, at all times during the performance of said work:

5.4.2.2.1 The Developer shall maintain Builder's Risk Insurance to be written on an All Risk Completed Value form, in an aggregate amount equal to

100% of the completed insurable value of the Project or portion of the Project on which such contractor is performing work.

5.4.2.2.2 Each general contractor and each sub-contractor shall maintain Commercial General Liability Insurance with limits of not less than ONE MILLION DOLLARS ($1,000,000) per occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate to protect the Developer during the construction of the Project from claims involving bodily injury and/or death and damage to the property of others.

5.4.2.2.3 Each general contractor and each sub-contractor shall maintain Automobile Liability Insurance against claims of personal injury (including bodily injury and death) and property damage covering all owned, leased, hired and non-owned vehicles used in the performance of the contractor's obligations with minimum limits for bodily injury and property damage of ONE MILLION DOLLARS ($1,000,000) each occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate. Such coverage can be provided with a combination of commercial automobile liability insurance and an excess or umbrella liability policy Such automobile liability insurance shall be provided by a business or commercial vehicle policy.

5.4.2.3 The insurance required in Section 5.4.2.1 and Section 5.4.2.2 above shall include endorsements naming the Additional Insureds as additional insured for liability arising out of this Agreement and any operation related to this Agreement.

5.4.2.4 Any insurance coverage required under this Agreement, with the exception of the Professional Liability (Errors and Omissions) Insurance referenced in Section 5.4.2.1.3 above, shall not be written on a "claims made" basis. The applicable certificate of insurance must clearly provide that the coverage is on an "occurrence" basis. The requirements of this Section 5.4.2.4 shall survive any expiration or termination of this Agreement and the recordation of the Grant Deed and any Certificate of Completion.

5.4.2.5 Receipt by the Authority of evidence of insurance that does not comply with the above requirements shall not constitute a waiver of the insurance requirements of this Agreement.

5.4.2.6 Subject to Section 5.4.2.4, all of the insurance coverage required under this Section 5.4 shall be maintained by the Developer or its contractors, as required by the terms of this Agreement, until the issuance of the Certificate of Completion and shall not be reduced, modified, or canceled without, at least, thirty (30) days prior written notice to the Developer. The Developer shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits are exhausted or upon insolvency of the insurer that issued the policy.

5.4.2.7 All insurance to be obtained and maintained by the Developer under this Section 5.4 shall be issued by a company or companies listed in the then current "Best's Key Rating Guide" publication with a minimum of an "A:VII" rating and be admitted to conduct business in the State of California by the State of California Department of Insurance.

5.4.2.8 The Authority will not accept self-insurance in satisfaction of the insurance requirements of this Section 5.4.

5.4.2.9 All insurance obtained and maintained by the Developer in satisfaction of the requirements of this Agreement shall be primary to and not contributing to any insurance maintained by the Additional Insureds.

5.4.2.10 Insurance coverage in the minimum amounts set forth in this Section 5.4 shall not be construed to relieve the Developer of any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the Additional Insureds from taking such other actions as are available to them under any other provision of this Agreement or otherwise at law.

5.4.3 Failure by the Developer to maintain all insurance coverage required by this Section 5.4 in effect shall be an Event of Default by the Developer. The Authority, at its sole option, may exercise any remedy available to them in connection with such an Event of Default. Alternatively, the Authority may, at its sole option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Developer for any premiums and associated costs paid by the Authority for such insurance coverage. Any election by the Authority to purchase or not to purchase insurance otherwise required to be carried by the Developer shall not relieve the Developer of its obligation to obtain and maintain the insurance coverage required by this Agreement.

ARTICLE VI.

PROJECT FINANCING

6.1 Project Financing.Developer shall finance the development of the Project in accordance with the Project Budget. Further, Authority and Developer agree that the financing of the Project shall comply with all of the following:

6.1.1 Tax Credit Financing. To provide funds for the development and construction of the Project, Developer shall in good faith apply for and obtain an allocation of Tax Credits to finance a portion of the Project Costs. Developer shall use commercially reasonably efforts to submit applications for an allocation of Tax Credits by the first deadline following the Effective Date to submit an application for nine percent Tax Credits. If Developer does not receive the allocation of Tax Credits as a result of such application, the Developer agrees to use commercially reasonably efforts to submit applications for an allocation of Tax Credits for the next round of TCAC's allocation meetings. If Developer does not receive the allocation Tax Credits as a result of such second application, the Parties agree to meet and confer in good faith for a period of ninety (90) days to determine if a feasible and mutually acceptable alternate arrangement can be made to finance development and construction of the Project, or if there are changes that could be made to the application to enhance the likelihood of a successful application. Following such meet and confer period, unless the parties have agreed to an alternative arrangement to finance the Project, Developer agrees to use commercially reasonably efforts to submit a third round of applications for an allocation of Tax Credits for the next round of TCAC's allocation meetings. If Developer does not receive the allocation Tax Credits as a

result of such third application, Developer agrees to use commercially reasonably efforts to submit a fourth round of applications for an allocation of Tax Credits for the next round of TCAC's allocation meetings. If Developer does not receive the allocation of Tax Credits as a result of all four (4) rounds of applications, the Parties agree to meet and confer in good faith for a period of ninety (90) days to determine if a feasible and mutually acceptable alternate arrangement can be made to finance development and construction of the Project. If no agreement is reached by the Parties within such ninety (90) day period regarding the alternative courses of action described in the preceding sentence, this Agreement may be terminated upon fifteen (15) days' notice to the other Parties. Any agreement that is reached between the Parties on an alternative financing plan for the Project shall be memorialized in an implementation agreement to this Agreement. If Developer fails to make the required applications to TCAC, then the Authority or the Developer may terminate this Agreement upon fifteen (15) days' notice to the other Parties. Failure of Developer to obtain tax-Tax Credits shall not constitute an Event of Default under the terms of this Agreement, unless due to the intentional misconduct of Developer.

6.1.2 Permanent Loan. Prior to the Close of Escrow, Developer shall obtain for the Authority's review and approval, which may be withheld or conditioned in Authority's reasonable discretion and which shall not be unreasonably delayed, a conditional forward loan commitment for each Permanent Loan.

6.2 Project Budget.By its execution of this Agreement, the Authority has given its approval to the Project Budget. While the Project Budget has been prepared based on the best, good faith estimate of Developer of the costs which are likely to be incurred for the Project, the Parties recognize that events and circumstances not currently contemplated, some of which are outside of the control of the Parties, could result in changes in the Project Costs, necessitating changes in the Project Budget. To the extent that Developer is required to make any material changes to the Project Budget, Developer shall immediately submit a revised Project Budget to the Executive Director for review and approval, which review and approval shall not be unreasonably withheld, conditioned or delayed, as to the sufficiency of the financing secured by Developer to meet the revised Project Costs. A material change is a change or cumulative changes that causes the total Project Costs, or any line item in the Project ?Budget with a cost exceeding Fifty Thousand Dollars ($50,000) to increase or decrease by more than ten percent (10%) from what is shown in the Project Budget.

6.3 Only Permitted Exceptions.Developer shall not record and shall not allow to be recorded against the Property any Security Instrument, lien or other encumbrance that is not a Permitted Exception. Developer shall remove or cause to be removed (or provide title insurance in form and substance reasonably acceptable to the Authority and issued by a title insurance company reasonably acceptable to the Authority, insuring the priority of the Deed of Trust securing the Land Loan as superior to such lien, with such title insurance being in the minimum amount of the outstanding principal and interest under the Land Loan plus 125% of the amount of the lien claim or providing a statutory bond resulting in removal of such lien) any non-Permitted Exception made or recorded against the Property or shall assure the complete satisfaction of any such non-Permitted Exception to the satisfaction of the Authority, in the Authority's sole and absolute discretion. The covenants of Developer set forth in this Section regarding the placement of encumbrances on the Property shall run with the land of the Property

and bind successive owners of the Property, until recordation (or deemed issuance) of the Certificate of Completion for the Project.

6.4 Authority Right to Discharge Prohibited Encumbrances.After sixty (60) calendar days' Notice to Developer of a non-Permitted Exception and provided that Developer has not caused such non-Permitted Exception to be removed (or insured against or bonded against) pursuant to Section 6.3, the Authority shall have the right, but not the obligation, to satisfy or remove any non-Permitted Exception against the Property or the Project and receive reimbursement from Developer for any reasonable amounts paid or incurred in satisfying or removing any such non-Permitted Exception, upon demand. Any reasonable amount expended by the Authority to discharge a non-Permitted Exception that is not reimbursed to the Authority by Developer within thirty (30) calendar days following written demand for payment from the Authority shall accrue interest at an annual rate equal to the lesser of eight percent (8%) per annum or the maximum highest rate of interest allowed by law under the circumstances, until paid in full. Nothing in this Section 6.4, though, shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge that Developer is in the process of contesting the validity or amount thereof, in good faith, and so long as such contest shall not subject all or any portion of the Property to forfeiture or sale.

6.5 Rights of Lender and Authority Regarding Permitted Security Instruments.**Notice of Liens**. The Developer shall promptly notify the Authority of any Security Instrument or lien asserted against or attached to all or any portion of the Project or the Property, other than as listed in Section 3.7, prior to the date of issuance of a Certificate of Completion for the Project, whether by voluntary act of Developer or otherwise; provided, however, that no notice of filing of preliminary notices or mechanic's liens need be given by Developer to the Authority, prior to suit being filed to foreclose any such mechanic's lien.

6.5.2 Notice of Default to Lenders. Whenever the Authority delivers any notice of default to Developer under this Agreement, the Authority shall send a copy of such notice of default to each Lender holding a Permitted Security Instrument of which the Authority has received notice and a contact address for transmittal of such notices. Each Lender receiving a copy of any such notice of default shall have the right, at its option, to commence the cure or remedy of any default of Developer set forth in such notice and to diligently and continuously proceed with such cure or remedy such default, within the cure period allowed to Developer under this Agreement, plus an additional sixty (60) days. The Authority shall accept such performance by a Lender with the same force and effect as if furnished by Developer. If such default can only be remedied or cured by the Lender upon obtaining possession of the Property, the Authority shall allow the Lender an opportunity to obtain possession with diligence and continuity through exercise of remedies under such Lender's Permitted Security Instrument and to remedy or cure such default within ninety (90) days after obtaining possession of the Property. If the default reasonably requires more than ninety (90) days to cure, however, then the time available to a Lender to cure pursuant to this Section 6.5 shall be the reasonable time required to complete such cure, as long as the Lender has commenced the cure of the default within such ninety (90) day period and diligently pursues the cure to completion. During such extension of time, the Authority shall not terminate this Agreement or exercise other remedies under this Agreement by reason of such default. All Developer specific defaults shall be deemed cured upon Transfer of Developer's interest in the entire Property to the Lender, its assignee or

nominee, pursuant to exercise of remedies under a Permitted Security Instrument. In addition, any Lender properly completing the Project with the consent of the Authority (pursuant to the process set forth below in this Section 6.5.3) shall be entitled, upon written request made to the Authority, to a Certificate of Completion from the Authority. Nothing contained in this Agreement shall be deemed to permit, authorize or require any Lender to undertake or continue the construction or installation of any portion of the Project (beyond the extent necessary to conserve or protect improvements or construction already made) prior to or after acquiring title to or possession of the entire Property, without expressly assuming Developer's obligations under this Agreement by written agreement reasonably satisfactory to the Authority, in which the Lender agrees to complete the Project in the manner provided in this Agreement, subject to time extensions as reasonably required by the Lender. Any Lender desiring to complete the Project must provide the Authority with evidence reasonably satisfactory to the Authority that the Lender has the qualifications (or will engage one or more licensed contractor(s) or consultant(s) with such qualifications) and financial capability necessary to perform such obligations.

6.5.3 No Termination of Permitted Security Instruments by Default. An Event of Default by Developer under this Agreement shall not defeat or render invalid the lien of any Permitted Security Instrument made in good faith and for value as to all or any part of the Property, whether or not the Lender is subordinated to this Agreement; but unless otherwise provided in this Agreement, this Agreement shall be binding and effective against any owner of the Property, whose title thereto is acquired pursuant to exercise of remedies under a Permitted Security Instrument or from a person or entity exercising any such remedies.

6.5.4 Lender Rights on Termination or Modification. No termination of this Agreement shall be binding upon a Lender unless the termination occurs after notice to such Lender and such Lender's failure to cure all then existing defaults under this Agreement (except any Developer specific defaults), pursuant to this Section 6.5, or with such Lender's prior written consent. No modification of this Agreement that materially affects the rights of a Lender shall be binding upon the Lender without its prior written consent.

6.5.5 No Construction Obligation of Lender. A Lender shall in no way be obligated by the provisions of this Agreement to construct or complete the development of the Project or to guarantee such construction or completion, but may do so pursuant to and in accordance with this Section 6.5. Nothing in this Agreement shall be deemed to construe, permit, or authorize any Lender to devote all or any portion of the Property to any uses, or to construct any improvements thereon, other than those uses or the Project provided for or authorized by this Agreement.

6.5.6 Authority Right to Cure Obligations. In the event of a default by Developer under any Permitted Security Instrument, prior to the date of issuance of a Certificate of Completion for the Project, where the Lender has not exercised its option to complete the Project under Section 6.5.2, the Authority may cure the default of Developer under the applicable Permitted Security Instrument, but is under no obligation to do so, prior to completion of any sale or foreclosure of all or any portion of the Property under the applicable Permitted Security Instrument. The Authority shall be entitled to reimbursement from Developer of all costs and reasonable expenses incurred by the Authority in curing any default of Developer under any Permitted Security Instrument, under demand. Any amount expended by the

Authority to cure a default of Developer under any Permitted Security Instrument that is not reimbursed to the Authority, by Developer within thirty (30) calendar days after notice of such amount to Developer, shall accrue interest at an annual rate equal to the lesser of eight percent (8%) per annum or the maximum highest rate of interest allowed by law under the circumstances until paid in full.

6.5.7 Foreclosure of Permitted Security Instrument. Foreclosure of any Permitted Security Instrument, whether by judicial proceedings or by power of sale, or any conveyance by deed in lieu of foreclosure, shall not require the consent of the Authority or constitute a default under this Agreement.

ARTICLE VII.

DEFAULTS, REMEDIES AND TERMINATION

7.1 Defaults - General. Subject to any extensions of time provided for in this Agreement, failure or delay by any Party to perform any term or provision of this Agreement shall constitute an "Event of Default" under this Agreement; provided, however, that if a Party otherwise in default commences to cure, correct or remedy such default, within thirty (30) calendar days after receipt of written notice from the injured Party specifying such default, and shall diligently and continuously prosecute such cure, correction or remedy to completion (and where any time limits for the completion of such cure, correction or remedy are specifically set forth in this Agreement, then within said time limits), such Party shall not be deemed to be in default under this Agreement and no Event of Default shall be deemed to have occurred; provided, however, that if the default reasonably requires more than thirty (30) days to cure, then the time available to the Party otherwise in default to cure pursuant to this Section 7.1 shall be the reasonable time required to complete such cure, as long as the Party otherwise in default has commenced the cure of the default within such thirty (30) day period and diligently pursues the cure to completion.

7.1.2 The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the non-defaulting Party. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

7.1.3 Any failure or delays by any Party in asserting any of their rights and/or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by any Party in asserting any of its rights and/or remedies shall not deprive that Party of its right to institute and maintain any actions or proceedings that it may reasonably deem necessary to protect, assert or enforce any such rights or remedies.

7.1.4 In addition to other acts or omissions of the Developer that may legally or equitably constitute a default or breach of this Agreement, the occurrence of any of the following specific events, prior to the issuance of a Certificate of Completion for the Project, shall constitute an "Event of Default" under this Agreement and shall not be subject to the notice and cure provisions of Section 7.1.1:

7.1.4.1 Any material default by the Developer under any Permitted Security Instrument for any purpose or reason that remains uncured following any applicable notice and expiration of any applicable cure period under such Permitted Security Instrument.

7.1.4.2 Any representation, warranty or disclosure made to the Authority by the Developer regarding this Agreement or the Project is materially false.

7.1.4.3 There occurs any event of dissolution, reorganization or termination of the Developer that adversely and materially affects the operation or value of the Property or the Project, and such event is not corrected within five (5) business days following written notice of such event from the Authority to the Developer.

7.1.4.4 The Developer Transfers its interest in this Agreement, the Property, or the Project, or any portion thereof, whether voluntarily or involuntarily or by operation of law, in violation of the terms and conditions of this Agreement and such action is not cured within the period prescribed in Section 8.2.2.

7.1.4.5 The Developer becomes insolvent or a receiver is appointed to conduct the affairs of the Developer under state or federal law.

7.1.4.6 The Developer's legal entity status authorized by the Secretary of State of the State of California to transact business in California is suspended or terminated and such event is not corrected within five (5) business days following written notice of such event from the Authority to Developer.

7.2 DEVELOPER'S ELECTION RE: SPECIFIC ENFORCEMENT OF AGREEMENT OR WAIVER OF RIGHT TO SPECIFIC PERFORMANCE AND LIMITATION ON RECOVERY OF DAMAGES PRIOR TO CLOSE OF ESCROW. UPON THE OCCURRENCE OF AN EVENT OF DEFAULT PERTAINING TO THE CONVEYANCE OF THE PROPERTY BY THE AUTHORITY UNDER THIS AGREEMENT PRIOR TO CLOSE OF ESCROW, THE DEVELOPER SHALL, AS ITS SOLE AND EXCLUSIVE REMEDY, HAVE THE RIGHT TO EXERCISE ONE OF THE ALTERNATIVE REMEDIES DESCRIBED IN SECTIONS 7.2.1 AND 7.2.2. THE DEVELOPER'S ELECTION, ONCE MADE, SHALL BE IRREVOCABLE.

7.2.1 WAIVER OF RIGHT TO SPECIFIC PERFORMANCE AND LIMITATION ON RECOVERY OF DAMAGES. THE DEVELOPER MAY WAIVE THE REMEDIES SET FORTH IN SECTION 7.2.2 AND MAY CANCEL THE ESCROW PURSUANT TO SECTION 3.10, AND UPON CANCELLATION OF THE ESCROW, THE DEVELOPER SHALL BE RELIEVED OF ANY OBLIGATION UNDER THIS AGREEMENT TO PURCHASE OR ACCEPT TITLE TO THE PROPERTY AND ANY SUCH ESCROW CANCELLATION SHALL BE WITHOUT ANY LIABILITY OF THE DEVELOPER TO THE AUTHORITY OR ANY OTHER PERSON ARISING FROM SUCH ACTIONS. THE DEVELOPER SHALL BE LIMITED TO RECOVERING ANY AMOUNTS ACTUALLY EXPENDED BY THE DEVELOPER IN REASONABLE RELIANCE ON THIS AGREEMENT PRIOR TO THE DATE OF THE OCCURRENCE OF THE EVENT OF DEFAULT BY THE AUTHORITY, NOT TO EXCEED FIFTY THOUSAND DOLLARS

($50,000); PROVIDED HOWEVER IF THE EVENT OF DEFAULT IS THE AUTHORITY'S FAILURE TO FUND THE LAND LOAN OR THE PROJECT LOAN WHEN DEVELOPER HAS PERFORMED ALL OF ITS OBLIGATIONS THEN REQUIRED TO BE PERFORMED BY DEVELOPER, THE DEVELOPER SHALL BE ENTITLED TO RECOVER ITS REASONABLE DOCUMENTED DIRECT COSTS INCURRED FOR THE PROJECT PRIOR TO THE DATE THE EVENT OF DEFAULT OCCURS FROM THE AUTHORITY. THE DEVELOPER WAIVES ANY RIGHT TO RECOVER ANY OTHER SUMS FROM THE AUTHORITY ARISING FROM AN EVENT OF DEFAULT BY THE AUTHORITY PRIOR TO THE CLOSE OF ESCROW. THE DEVELOPER ACKNOWLEDGES THE PROTECTIONS OF CIVIL CODE SECTION 1542 RELATIVE TO THE WAIVER AND RELEASE CONTAINED IN THIS SECTION 7.2.1, WHICH CIVIL CODE SECTION READS AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, THE DEVELOPER KNOWINGLY AND VOLUNTARILY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE WAIVERS AND RELEASES OF THIS SECTION 7.2.1.

DEVELOPER'S INITIALS _____

IN CONNECTION WITH THE WAIVERS IN THIS SECTION 7.2.1, THE DEVELOPER FURTHER WAIVES THE RIGHT TO RECORD A NOTICE OF PENDENCY OF ACTION AGAINST ALL OR ANY PORTION OF THE PROPERTY EXCEPT DEVELOPER MAY RECORD SUCH A NOTICE IN CONNECTION WITH ANY SUIT FOR SPECIFIC PERFORMANCE PERMITTED HEREUNDER IN THE EVENT DEVELOPER ELECTS NOT TO WAIVE ITS RIGHT TO SEEK SPECIFIC PERFORMANCE UNDER SECTION 7.2.2.

7.2.2 SPECIFIC PERFORMANCE. THE DEVELOPER MAY WAIVE THE REMEDIES SET FORTH IN SECTION 7.2.1 AND, IN ACCORDANCE WITH CIVIL CODE SECTION 3384, ET SEQ., INSTITUTE AN ACTION AGAINST THE AUTHORITY FOR SPECIFIC PERFORMANCE OF THE TERMS OR PROVISIONS OF THIS AGREEMENT WHICH WERE TO HAVE BEEN COMPLETED BY THE AUTHORITY PRIOR TO THE CLOSE OF ESCROW.

7.3 Legal Actions. Except as otherwise provided by Section 7.1.4.6, any Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy available to that Party under this Agreement or at law or in equity. Such legal actions must be instituted in the Superior Court of the State of California in and for the County of Los Angeles, California, in any other appropriate court within the County of Los Angeles, California.

7.3.2 The procedural and substantive laws of the State of California shall govern the interpretation and enforcement of this Agreement, without regard to conflicts of laws principles. The Parties acknowledge and agree that this Agreement is entered into, is to be fully performed in and relates to real property located in the Housing Authority of the City of Pomona, County of Los Angeles, California.

7.4 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties set forth in this ARTICLE VII are non-exclusive and cumulative, and the exercise by any Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party(ies).

7.5 Developer Indemnification of the Authority. In addition to any other specific indemnification or defense obligations of the Developer set forth in this Agreement, the Developer agrees to indemnify, defend (upon written request by the Authority and with counsel reasonably acceptable to the Authority) and hold harmless the Indemnified Parties, from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs and expenses, including, but not limited to reasonable attorney's fees of counsel retained by the Indemnified Parties, expert fees, costs of staff time, and investigation costs, of whatever kind or nature ("Claims"), that are in any manner directly or indirectly caused, occasioned or contributed to in whole or in part, through any act, omission, fault or negligence, whether active or passive, of the Developer or the Developer's officers, agents, employees, independent contractors or subcontractors of any tier, relating in any manner to this Agreement, any work to be performed by the Developer related to this Agreement, the Property, or the Project, or any authority or obligation exercised or undertaken by the Developer under this Agreement, except to the extent caused by the active negligence or willful misconduct of any of the Indemnified Parties. Without limiting the generality of the foregoing, the Developer's obligation to indemnify the Indemnified Parties shall include injury or death to any person or persons, damage to any property, regardless of where located, including the property of the Indemnified Parties, any workers' compensation or prevailing wage determination, claim or suit or any other matter arising from or connected with any goods or materials provided or services or labor performed regarding the Project or the Property on behalf of the Developer by any person or entity.

ARTICLE VIII.

GENERAL PROVISIONS.

8.1 Incorporation of Recitals. The Recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

8.2 Restrictions on Transfers. The Developer acknowledges that the qualifications and identity of the Developer are of particular importance to the Authority. The Developer further recognizes and acknowledges that the Authority has relied and is relying on the specific qualifications and identity of the Developer in entering into this Agreement with the Developer and, as a consequence, Transfers are permitted only as expressly provided in this Agreement. The Developer shall promptly notify the Authority in writing of any and all changes whatsoever

in the identity of the business entities or individuals either comprising or in Control of the Developer, as well as any and all changes in the interest or the degree of Control of the Developer by any such person, of which information the Developer or any of its partners, members or officers are notified or may otherwise have knowledge or information.

8.2.2 Except as expressly permitted in this Agreement, the Developer represents to the Authority that it has not made and agrees that it will not make or create, or suffer to be made or created, any Transfer other than a Permitted Transfer, either voluntarily, involuntarily or by operation of law, until after the recordation of a Certificate of Completion for the Project subject to the Transfer; provided, however, that the Authority may approve in its reasonable discretion, Transfers other than Permitted Transfers prior to the recordation of a Certificate of Completion. In deciding whether to approve or disapprove any proposed Transfer, the Authority may consider the proposed transferee's financial strength and the experience of the proposed transferee and its senior management in undertaking and successfully completing projects of a similar type and size as the Project or that portion of the Project proposed to be transferred. Any Transfer made in contravention of this Section 8.2 shall be voidable at the election of the Authority and this Agreement may be terminated by the Authority or the Authority may exercise any other remedy available to the Authority under the terms of this Agreement, provided, however, that (i) the Authority shall first notify the Developer in writing of its intention to terminate this Agreement or to exercise any other remedy, and (ii) the Developer shall have twenty (20) calendar days following its receipt of such written notice to commence and, thereafter, diligently and continuously proceed to cure the default of the Developer and submit evidence of the initiation and satisfactory completion of such cure to the Authority, in a form and substance reasonably satisfactory to the Authority.

8.2.3 The Developer shall provide the Authority no less than thirty (30) days prior written notice of any proposed Permitted Transfer which the Developer desires to enter into prior to the recordation of a Certificate of Completion for the Project subject to the Transfer, other than a Permitted Transfer for which no notice shall be required. The Developer shall have the burden of demonstrating to the Authority's reasonable satisfaction that the proposed Permitted Transfer meets the conditions and requirements of this Agreement with respect to Permitted Transfers.

8.2.4 Anything in this Agreement to the contrary notwithstanding, the restrictions and prohibitions on Transfers contained in this Section 8.2 shall terminate upon issuance of a Certificate of Completion for the Project.

8.3 Notices, Demands and Communications Between the Parties. Any and all notices, demands or communications submitted by any Party to another Party pursuant to or as required by this Agreement shall be proper, if in writing and dispatched by messenger for immediate personal delivery, by a nationally recognized overnight courier service that provides a receipt with the time and date of delivery, or by registered or certified United States Mail, postage prepaid, return receipt requested, to the principal office of the Authority or the Developer, as applicable, as designated in Section 8.3.2. Such written notices, demands or communications may be sent in the same manner to such other addresses as either Party may from time to time designate. Any such notice, demand or communication shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the

sender or the date set forth on such return receipt, on the day that it is delivered by personal delivery, on the date of delivery by a nationally recognized overnight courier service or three (3) calendar days after it is placed in the United States Mail, as provided in this Section 8.3.

8.3.2 The following are the authorized addresses for the submission of notices, demands or communications to the Parties:

TO DEVELOPER:	JHC-Acquisitions, LLC c/o Jamboree Housing Corporation Attn: Scott Riordan, Business Development Manager 17701 Cowan Ave., Suite 200 Irvine, CA 92614 (949) 263-8676 x142
	JHC-Acquisitions, LLC c/o Jamboree Housing Corporation Attn: CFO 17701 Cowan Ave., Suite 200 Irvine, CA 92614 (949) 263-8676 x104
COPY TO:	Rutan & Tucker, LLP 611 Anton Boulevard, Suite 1400 Costa Mesa, CA 92626 Attn: Patrick D. McCalla, Esq. (714) 641-5100
TO AUTHORITY:	Housing Authority of the City of Pomona 505 South Garey Avenue Pomona, California 91766 Attention: Kirk Pelser, Deputy City Manager (T) (909) 620-2363
COPY TO:	Best Best & Krieger, LLP 18101 Von Karman Ave, Suite 1000 Irvine, CA 92614 Attention: Elizabeth Wagner Hull (T) 949-263-2600

8.4 Conflict of Interest. No member, official or employee of the Authority, having any conflict of interest, direct or indirect, related to this Agreement, the Property, or the development or operation of the Project shall participate in any decision relating to this Agreement. The Parties represent and warrant that they do not have knowledge of any such conflict of interest.

8.5 Warranty Against Payment of Consideration for Agreement. The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or

other consideration for obtaining this Agreement. Third parties, for the purposes of this Section 8.5, shall not include persons to whom fees are paid for professional services, if rendered by attorneys, financial consultants, accountants, engineers, architects and the like when such fees are considered necessary by the Developer.

8.6 Non-liability of Authority, Officials and Employees. No member, official or employee of the Authority shall be personally liable to the Developer, or any successor in interest of the Developer, in the event of any default or breach by the Authority under this Agreement or for any amount that may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement, except as may arise from the gross negligence or willful acts of such member, official or employee.

8.7 Unavoidable Delay; Extension of Time of Performance. Subject to specific provisions of this Agreement, performance by any Party under this Agreement shall not be deemed, or considered to be, in default where any such default is due to an Unavoidable Delay that is not attributable to the fault of the Party claiming an extension of time to perform. An extension of time for any Unavoidable Delay shall be for the period of the Unavoidable Delay and shall commence to run from the date of occurrence of the Unavoidable Delay, if the Party asserting the existence of the Unavoidable Delay provides the other Party with written notice of the occurrence of the Unavoidable Delay, within thirty (30) days of the commencement of such asserted Unavoidable Delay. Otherwise, the extension of time for an Unavoidable Delay shall commence on the date of receipt of written notice of the occurrence of the Unavoidable Delay by the Party not requesting an extension of time to perform due to such Unavoidable Delay.

8.7.2 The Parties expressly acknowledge and agree that changes in either general economic conditions or changes in the economic assumptions of either of them that may have provided a basis for entering into this Agreement and that occur at any time after the execution of this Agreement, do not constitute an Unavoidable Delay and do not provide any Party with grounds for asserting the existence of an Unavoidable Delay in the performance of any covenant or undertaking arising under this Agreement. Each Party expressly assumes the risk that changes in general economic conditions or changes in such economic assumptions relating to the terms and covenants of this Agreement could impose an inconvenience or hardship on the continued performance of such Party under this Agreement.

8.8 Inspection of Books and Records. The Authority shall have the right at all reasonable times, at the Authority's cost and expense, to inspect the books and records of the Developer pertaining to the Property and/or the Project. The Developer shall also have the right at all reasonable times, at the Developer's sole cost and expense, to inspect the books and records of the Authority pertaining to the Property and/or the Project, to the extent relevant to the Developer's obligations under this Agreement. Nothing in this Section 8.8 or elsewhere in this Agreement shall, however, constitute a waiver or modification of any right or privilege which any Party may have with respect to any document, statement, or other record, including, without implied limitation, the attorney-client privilege, the attorney-work product privilege, any privilege arising under any state or federal evidentiary code or rule, or any privilege or exclusionary right arising under any state or federal freedom of information or public records disclosure law.

8.9 Real Estate Commissions. The Authority shall not be liable for any real estate commissions, brokerage fees or finder fees that may arise from or be related to this Agreement. The Developer shall pay any fees or commissions or other expenses related to its retention or employment of real estate brokers, agents or other professionals.

8.10 Binding on Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

8.11 Entire Agreement. This Agreement shall be executed in three (3) duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This Agreement includes 52 pages (exclusive of signature pages) and ten (10) exhibits, that constitute the entire understanding and agreement of the Parties regarding the Property, the Project, and the other subjects addressed in this Agreement.

8.11.2 This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all negotiations or previous agreements between the Parties with respect to the Property, the Project, and the other subjects addressed in this Agreement.

8.11.3 None of the terms, covenants, agreements or conditions set forth in this Agreement shall be deemed to be merged with any deed conveying title to the Property and this Agreement shall continue in full force and effect before and after such conveyances.

8.11.4 All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representative(s) of all Parties.

8.12 Execution of this Agreement. Following execution of three (3) originals of this Agreement by the authorized representative(s) of the Developer and prompt delivery of such originals, thereafter, to the Authority, accompanied by an official action of the governing body of the Developer authorizing the individuals executing this Agreement on behalf of the Developer to execute and perform this Agreement, in form and substance acceptable to the Authority, this Agreement shall be subject to the review and approval by the Authority Board, in its sole and absolute discretion, no later than forty-five (45) calendar days after such date of delivery to the Authority. If the Authority have not approved, executed, and delivered an original of this Agreement to the Developer within the foregoing time period, then no provision of this Agreement shall be of any force or effect for any purpose.

8.13 Survival of Indemnity Obligations. All general and specific indemnity and defense obligations of the Parties set forth in this Agreement shall survive the expiration or termination of this Agreement, the execution or recordation of the Grant Deed, and/or the issuance and recordation of any Certificate of Completion.

8.14 Time Declared to be of the Essence. As to the performance of any obligation hereunder as to which time is a component thereof, the performance of such obligation within the time provided is of the essence.

8.15 Approvals.Except as otherwise provided in this Agreement, approvals required of the Authority or the Developer, or any officers, agents or employees of the Authority or the Developer, shall not be unreasonably withheld and approval or disapproval shall be given within the time set forth in this Agreement or, if no time is given, within a reasonable time.

8.16 Further Assurances.The Parties agree to reasonably consider such additional actions or the execution of such other documents as may be reasonably necessary or convenient to the financing, development, and operation of the Project, although nothing in this Section 8.16 shall be deemed a representation, guaranty or commitment by any Party to take any action or execute any document.

8.17 Authority Approvals and Actions.The Executive Director shall have the authority, on behalf of the Authority (to the extent not provided otherwise in this Agreement), to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Agreement and changes to the attached exhibits prior to their execution and execute documents, including, without limitation, the Notice of Completion and any documents necessary to implement any changes in the number or affordability of the Qualifying Units (as defined in the Regulatory Agreement), as may be required by TCAC, or a Lender of a Senior Loan or Subordinate Loan, so long as such actions do not reduce the length of affordability of the Qualifying Units (as defined in the Regulatory Agreement) or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the Authority Board if the Executive Director reasonably determines or believes that such action could increase the risk, liability or costs to Authority, or reduce the length of affordability of the Project.

8.18 Investor Limited Partner Provisions.If and when the Developer is in the form of a limited partnership and admits an investor limited partner into Developer's partnership, the Authority agrees to the following provisions for the benefit of the Developer's investor limited partner:

8.18.1 The Authority will give the limited partner a copy of any notice (at the limited partner's address provided in a notice by Developer to the Authority) that the Authority gives to the Developer under this Agreement, the Regulatory Agreement and the other Land Loan documents, provided that Developer has provided the address and contact information for the investor limited partner in writing to the Authority;

8.18.2 The Authority will give the limited partner thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under the Land Loan;

8.18.3 The Authority will give the limited partner sixty (60) days after the limited partner's receipt of such notice to cure any other default under this Agreement, the Regulatory Agreement and other Land Loan documents;

8.18.4 If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner an additional ninety (90) days to cure such

default provided the limited partner has commenced to cure such default and is diligently proceeding to cure such default through the end of such period;

8.18.5 If the limited partner makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Developer;

8.18.6 The Authority will permit the limited partner to transfer the limited partner's interest to any person or entity at any time provided that, if at the time of such transfer the limited partner has not made one hundred percent (100%) of the capital contributions the limited partner is required to make to the Partnership, the limited partner shall remain liable to the Developer for such capital contributions;

8.18.7 The Authority will permit the limited partner to remove the general partner of the partnership in accordance with the partnership agreement, provided that the substitute general partner is reasonably acceptable to the Authority; and

8.18.8 The Authority will permit insurance and condemnation proceeds to be used to rebuild the Project provided that (i) sufficient funds are provided from other sources to effectively rebuild the Project to a lawful senior affordable housing multi-family complex, and (ii) subject to the rights of any lenders of Senior Loans, the Authority shall hold all such proceeds and disburse them based on the progress of construction, subject to such additional reasonable conditions as the Authority may impose.

[Signatures on Following Pages]

SIGNATURE PAGE
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

AUTHORITY:

THE HOUSING AUTHORITY OF THE CITY OF POMONA
a California municipal corporation

Dated:_____, 2020 By:_____
Executive Director

ATTEST:

_____
Authority Secretary

APPROVED AS TO LEGAL FORM:

BEST BEST & KRIEGER LLP

By: _____
Authority Counsel

SIGNATURE PAGE
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

DEVELOPER:

JHC-Acquisitions, LLC, a
California limited liability company

By: Jamboree Housing Corporation, a
California nonprofit public benefit
corporation

Its: Managing Member

By: _____
Michael Massie, Chief Development
Officer

EXHIBIT A
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Legal Description of the Property

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF POMONA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS;

LOT 1 IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3, PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE NORTH HALF OF THE ALLEY WAY ADJOINING SAID LOT ON THE SOUTH, 20.00 FEET WIDE, LYING BETWEEN THE SOUTHERLY PROLONGATIONS OF THE EASTERLY AND WESTERLY LINE OF SAID LOT, VACATED BY SAID CITY ON MAY 19, 1986 PER RESOLUTION NO. 86-96. (A CERTIFIED COPY THEREOF BEING RECORDED APRIL 25, 1988 AS INSTRUMENT NO. 88-561829 OF OFFICIAL RECORDS);

TOGETHER WITH:

LOT 2, IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3, PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE NORTH HALF OF THE ALLEY WAY ADJOINING SAID LOT ON THE SOUTH, 20.00 FEET WIDE, LYING BETWEEN THE SOUTHERLY PROLONGATIONS OF THE EASTERLY AND WESTERLY LINE OF SAID LOT, VACATED BY SAID CITY ON MAY 19, 1986 PER RESOLUTION NO. 86-96. (A CERTIFIED COPY THEREOF BEING RECORDED APRIL 25, 1988 AS INSTRUMENT NO. 88-561829 OF OFFICIAL RECORDS);

TOGETHER WITH:

LOTS 3 AND 4 IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3, PAGE 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE NORTH HALF OF THE ALLEY WAY ADJOINING SAID LOT ON THE SOUTH, 20.00 FEET WIDE, LYING BETWEEN THE SOUTHERLY PROLONGATIONS OF THE EASTERLY LINE OF SAID LOT 3 AND THE WESTERLY LINE OF SAID LOT 4, VACATED BY SAID CITY ON MAY 19, 1986 PER RESOLUTION NO. 86-96. (A CERTIFIED COPY THEREOF BEING RECORDED APRIL 25, 1988 AS INSTRUMENT NO. 88561829 OF OFFICIAL RECORDS).

EXCEPTING THEREFROM ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND ALL MINERALS, IN, UNDER AND THAT MAY BE PRODUCED

FROM DEPTH BELOW 500 FEET OF THE SURFACE OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT THE RIGHT OF ENTRY UPON THE SURFACE THEREOF AS RESERVED IN DOCUMENT RECORDED JULY 19, 1978 AS INSTRUMENT NO. 785563 OF OFFICIAL RECORDS;

TOGETHER WITH:

THE NORTH 63.75 FEET OF LOT 5 AND THE WEST 20 FEET OF THE NORTH 63.75 FEET OF LOT 6, IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3, PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE SOUTH HALF OF THE ALLEY WAY ADJOINING SAID LOTS ON THE NORTH, 20.00 FEET WIDE, LYING BETWEEN THE NORTHERLY PROLONGATIONS OF THE WESTERLY LINE OF SAID LOT 5 AND THE EASTERLY LINE OF THE WESTERLY 20.00 FEET OF SAID LOT 6, VACATED BY SAID CITY ON MAY 19, 1986 PER RESOLUTION NO. 86-96. (A CERTIFIED COPY THEREOF BEING RECORDED APRIL 25, 1988 AS INSTRUMENT NO. 88-561829 OF OFFICIAL RECORDS);

TOGETHER WITH:

THAT PORTION OF LOTS 5 AND 6 IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3 PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 5; THENCE EAST ALONG THE SOUTH LINE OF SAID LOTS 5 AND 6, 85 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF SAID LOT 5, 56 1/4 FEET; THENCE WEST PARALLEL TO THE SOUTH LINE OF SAID LOTS 6 AND 5, 85 FEET TO THE WEST LINE OF SAID LOT 5; THENCE SOUTH ALONG SAID WEST LINE 56 1/4 FEET TO THE POINT OF BEGINNING;

TOGETHER WITH:

THE EAST 45 FEET OF LOT 6 IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3, PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE SOUTH HALF OF THE ALLEY WAY ADJOINING SAID LOT ON THE NORTH, 20.00 FEET WIDE, LYING BETWEEN THE NORTHERLY PROLONGATIONS OF THE WESTERLY LINE OF THE EAST 45.00 FEET OF SAID LOT AND THE EASTERLY LINE OF SAID LOT, VACATED BY SAID CITY ON MAY 19, 1986 PER RESOLUTION NO. 86-96. (A CERTIFIED COPY THEREOF BEING RECORDED APRIL 25, 1988 AS INSTRUMENT NO. 88-561829 OF OFFICIAL RECORDS);

TOGETHER WITH:

THE NORTH ONE-HALF OF LOTS 7 AND 8 IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3, PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF THE SOUTH HALF OF THE ALLEY WAY ADJOINING SAID LOT ON THE NORTH, 20.00 FEET WIDE, LYING BETWEEN THE NORTHERLY PROLONGATIONS OF THE EASTERLY LINE OF SAID LOT 3 AND THE WESTERLY LINE OF SAID LOT 7, VACATED BY SAID CITY ON MAY 19, 1986 PER RESOLUTION NO. 86-96. (A CERTIFIED COPY THEREOF BEING RECORDED APRIL 25, 1988 AS INSTRUMENT NO. 88-561829 OF OFFICIAL RECORDS);

TOGETHER WITH:

THE SOUTH HALF OF LOTS 7 AND 8 IN BLOCK 83 OF POMONA TRACT, IN THE CITY OF POMONA, AS PER MAP RECORDED IN BOOK 3 PAGES 90 AND 91 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALL PARCELS BEING HELD TOGETHER AS ONE PARCEL.

SUBJECT TO COVENANTS, CONDITIONS, RESERVATIONS, RIGHTS OF WAY AND EASEMENTS, IF ANY.

EXHIBIT “B” ATTACHED HERETO AND BY THIS REFERENCE, IS INCLUDED AS AN AID IN UNDERSTANDING THIS LEGAL DESCRIPTION.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION, IN CONFORMANCE WITH THE PROFESSINOAL LAND SURVEYORS ACT

EXHIBIT B
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Scope of Development

Developer intends to develop the West Mission Apartments as a new construction family development consisting of 57 units. The proposed project will be located on the 1.36 acre vacant site in the City of Pomona. The project will include 56 one, two, and three-bedroom units and one manager's unit. Ten units will be targeted for individuals and families experiencing homelessness who are on Social Security Income at 15% Area Median Income (AMI). Six units will be targeted for homeless veterans with Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers (PBVs). The remaining 40 units will be targeted to families earning between 30% to 60% AMI. The proposed project will include a 5,700 square foot leasing & amenity space with a large multi-purpose room, classroom for after-school program, and group and individual conference rooms. The outdoor amenities for the community will include an outdoor fitness area, community garden, and a tot lot.

EXHIBIT C
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Schedule of Performance

Anticipated Time For Completion	Performance Task
Prior to Effective Date	Entitlement Submittal
01/10/20	1st Plan Check Comments by City
01/13/20	VASH Vouchers Awarded (6)
01/17/20	2nd Plan/Report Submittal to City
02/20/20	Entitlement Approval
03/09/20	First 9% TCAC Application Submittal; if Project does not receive a Preliminary Reservation, Developer will resubmit in next Round, for up to four rounds of Tax Credits Applications
90 days after Applicable Submittal	TCAC Preliminary Reservation
180 days after Allocation	Close on Financing
30 days after Close on Financing	Construction Start
18 Months after Commencement of Construction	Construction Completion
3 Months after Completion of Construction	Conversion

EXHIBIT D
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Grant Deed

[Attached Behind This Page]

RECORDING REQUESTED BY:

Housing Authority of the City of Pomona

WHEN RECORDED MAIL TO AND MAIL TAX STATEMENTS TO:

_____
_____
_____
Attn: _____

SPACE ABOVE FOR RECORDER'S USE ONLY

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

Documentary Transfer Tax is $ _____.;

PART ONE

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, POMONA HOUSING AUTHORITY, in its capacity as Pomona Housing Successor Agency ("**Grantor**"), hereby grants to _____, a California limited partnership ("**Grantee**"), that certain real property located in the Housing Authority of the City of Pomona, County of Los Angeles, State of California, specifically described in Exhibit "A" attached to this Grant Deed ("**Property**") and made a part of this Grant Deed by this reference.

PART TWO

The conveyance of the Property by the Grantor to the Grantee in Part One is subject to the following conditions, covenants and restrictions:

Section 1. Obligation to Refrain from Discrimination**.** The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

1.1. There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Grantee, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, sub-tenants, sub-lessees or vendees of the Property. With respect to familial status, this Section 1.1 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in this Section 1.1 hall be construed to affect Section 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to this Section 3.1.

1.2. The covenant of this Section 1 shall run with the land of the Property in perpetuity and shall be enforceable against the Grantee and its successors and assigns in perpetuity.

Section 2. Form of Non-Discrimination and Non-Segregation Clauses. The Grantee for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that:

2.1. The Grantee, such successors and such assigns shall refrain from restricting the sale, lease, sublease, rental, transfer, use, occupancy, tenure or enjoyment of the Property (or any portion thereof) on the basis of sex, marital status, race, color, religion, creed, ancestry or national origin of any person. All deeds, leases or contracts pertaining to the Property shall contain or be subject to substantially the following non-discrimination or non-segregation covenants:

(a) In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-tenants, sub-lessee, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the foregoing paragraph, with respect to familial status, paragraph 2.1(a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Section 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to foregoing paragraph."

(b) In leases: "The lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee itself, or

any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants lessees, sub-lessee, sub-tenants, or vendees in the premises herein leased.

Notwithstanding the foregoing paragraph, with respect to familial status, paragraph 2.1(b) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Section 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to foregoing paragraph."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed or leased, nor shall the transferee or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sub-lessees, sub-tenants, or vendees of the premises herein transferred." The foregoing provision shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

"Notwithstanding the foregoing paragraph, with respect to familial status, paragraph 2.1(c) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Section 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to foregoing paragraph."

2.2. The covenants of this Section 2 shall run with the land of the Property in perpetuity.

GRANTOR:
POMONA HOUSING AUTHORITY
in its capacity as Pomona Housing Successor Agency

By: _____
Its: Executive Director

[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

GRANTEE:

_____, a California limited partnership

By:

[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capaAuthority(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capaAuthority(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Name: _____
Notary Public

EXHIBIT 1
TO
GRANT DEED

Property Legal Description

EXHIBIT E
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Notice of Agreement

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Pomona Housing Authority
505 South Garey Avenue
Pomona, California 91766
Attn: Deputy City Manager

Exempt from Recording fee
pursuant to Gov't Code § 27383

NOTICE OF AGREEMENT

AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

TO ALL INTERESTED PERSONS PLEASE TAKE NOTICE that _____, a California partnership; (the "**Developer**") and the Pomona Housing Authority, in its capacity as Pomona Housing Successor Agency (the "**Authority**") entered into an agreement entitled Affordable Housing Disposition and Development Agreement (Mission Blvd and Park Ave), dated as of February 3, 2020 (the "**Agreement**"). A copy of the Agreement is on file with the Authority and is available for inspection and copying by interested persons as a public record of the Authority at the Authority's offices located at 505 South Garey Avenue, Pomona, California 91766, during the Authority's regular business hours.

The Agreement affects the real property described in Exhibit A attached to this Notice of Agreement (the "**Property**"). The meaning of defined terms, indicated by initial capitalization, used in this Notice of Agreement shall be the same as the meaning ascribed to such terms in the Agreement.

PLEASE TAKE FURTHER NOTICE that the Agreement contains certain development covenants running with the land of the Property and other agreements between the Developer and the Authority affecting the Property, as set forth below (all section references are to the Agreement):

Section 4.1 of the Agreement provides:

4.1 **Developer Covenant to Undertake Project**. The Developer covenants, for itself, its successors and assigns, to and for the benefit of the Authority, that the Developer shall commence and complete the development of the Project on the Property within the time period for such actions set forth in the Schedule of Performance. The Developer covenants and agrees for itself, its successors, and assigns, that the Property shall be improved and developed with the Project in substantial conformity with the terms and conditions of this Agreement, the Scope of Development, the Schedule of Performance, any and all plans, specifications and similar development documents required by this Agreement, except for such changes as may be mutually agreed upon in writing by and among the Parties, and all applicable laws, regulations,

orders and conditions of each Governmental Agency with jurisdiction over the Property or the Project. The covenants of this Section 4.1 shall run with the land of the Property until the date of recordation of the Certificate of Completion..

Section 5.1 of the Agreement provides:

5.1 **Obligation to Refrain from Discrimination**. The Developer for itself, its successors and assigns to all or any part or portion of the Property and/or Project, covenants and agrees that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-tenants, sub-lessees or vendees of the Property. With respect to familial status, this Section 5.1 shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in this Section 5.1 shall be construed to affect Section 51.2, 51.3, 51.4, 51.10, 51.11 and 799.5 of the Civil Code relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivision (n), (o), and (p) of Section 12955 of the Government Code shall apply to this Section 5.1. The covenant of this Section 5.1 shall run with the land of the Property in perpetuity, shall be enforceable against the Developer and its successors and assigns, and shall be covenants set forth in the Grant Deed.

This NOTICE OF AGREEMENT is dated as of _____, 20__, and has been executed on behalf of the Developer and the Authority by and through the signatures of their authorized representative(s) set forth below. This Notice of Agreement may be executed in counterparts and when fully executed each counterpart shall be deemed to be one original instrument.

AUTHORITY:

POMONA HOUSING AUTHORITY in its capacity as Pomona Housing Successor Agency

Dated: _____, 2020

By: _____
Executive Director

ATTEST:

_____
Authority Secretary

APPROVED AS TO LEGAL FORM:

BEST & KRIEGER LLP

By: _____
Authority Counsel

DEVELOPER:

_____, LP, a California limited partnership

[ALL SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

EXHIBIT A
TO
NOTICE OF AGREEMENT

Legal Description of Property

EXHIBIT F
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Official Action of Developer

The undersigned, all the members of JHC-Acquisitions, LLC, a California limited liability company, do hereby certify that JHC-Acquisitions, LLC will serve as the Developer of Mission Blvd and Park Ave under the Agreement described below. No consent or approval of any other person is required for the undersigned to make the certifications set forth in this Certificate.

The Developer further certifies that the following named person(s):

Michael Massie

is, without any additional or further consent of any person, authorized and empowered for and on behalf of and in the name of the respective entity set forth above to: (1) sign and deliver that certain Affordable Housing Disposition and Development Agreement (The Groves at Williams Ranch), dated as of February 3, 2020 ("**Agreement**"), regarding the development of certain real property located in the City of Pomona, California, and performance of other obligations of the "Developer" as set forth in the Agreement; (2) sign and deliver all other documents on behalf of the respective entity identified set forth above to be signed or executed in connection with the transactions contemplated in the Agreement; and (3) take all actions on behalf of the respective entity identified above that may be considered necessary to conclude the transactions and complete the development contemplated in the Agreement.

The authority conferred and certified to in this Certificate shall be considered retroactive and any and all acts authorized in this Certificate that were performed before the execution of this Certificate are approved and ratified by each entity identified above. The authority conferred and certified to in this Certificate shall continue in full force and effect until the Executive Director of the Pomona Housing Authority receives written notice of the revocation of this Certificate.

The Developer further certifies that the activities covered by the authorities conferred and certified to in this Certificate and the foregoing certifications constitute duly authorized activities of each entity identified above; that these authorities and certifications are now in full force and effect; and that there is no provision in any document under which either of the entities identified above is organized and/or that governs such entity's continued existence or limits the power of the undersigned to confer the authorities or make the certifications set forth in this Certificate, and that the same are in conformity with the provisions of all such documents.

DEVELOPER:

JHC-ACQUISITIONS LLC, a
California limited liability company

Dated:_____

By:

EXHIBIT G
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Certificate of Completion

[Attached Behind This Page]

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

_____ LP
_____
_____
Attention: _____

Exempt from Recording fee
pursuant to Gov't Code § 27383

POMONA HOUSING AUTHORITY OF THE CITY OF POMONA
CERTIFICATE OF COMPLETION
(Mission Blvd and Park Ave)

I, _____, Executive Director of the Pomona Housing Authority (the "Authority") certify that:

Section 1. The Project required to be constructed in accordance with that certain Affordable Housing Disposition and Development Agreement (Mission Blvd and Park Ave), dated February 3, 2020 (the "Agreement"), between the Authority and JHC-Acquisitions, LLC, a California limited liability company (the "**Developer**"), on that certain real property specifically described in the legal description(s) attached to this Certificate of Completion as **Exhibit A** (the "**Property**"), is complete in accordance with the provisions of the Agreement.

This Certificate of Completion constitutes conclusive evidence of the Authority's determination of the Developer's satisfaction of its obligation under the Agreement to construct and install the Project on the Property, including any and all buildings, parking areas, landscaping areas and related improvements necessary to support or meet any requirements applicable to the Project and its use and occupancy on the Project, whether or not such improvements are located on or off the Property or on other property subject to the Agreement. Notwithstanding any provision of this Certificate of Completion, the Authority may enforce any covenant surviving this Certificate of Completion in accordance with the terms and conditions of the Agreement and the Regulatory Agreement recorded against the Property by the Developer and the Authority under the Agreement. The Agreement is an official record of the Authority and a copy of the Agreement may be inspected at the Authority's office located at 505 South Garey Avenue, Pomona, California 91766, during the Authority's regular business hours.

DATED AND ISSUED this _____ day of _____, _____.

POMONA HOUSING AUTHORITY in its capacity as Pomona Housing Successor Agency

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capaAuthority(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Name: _____
Notary Public

EXHIBIT A
TO
CERTIFICATE OF COMPLETION

Legal Description of the Property

EXHIBIT H
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Regulatory Agreement

[Attached Behind This Page]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Pomona Housing Authority
505 South Garey Avenue
Pomona, California 91766
Attn: Deputy City Manager

APN: 8341-010-916

SPACE ABOVE FOR RECORDER'S
USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

REGULATORY AGREEMENT
(Mission Blvd and Park Ave)

by and between

POMONA HOUSING AUTHORITY,

and

_____ LP,
a California limited partnership

[Dated as of _____, 20__ for reference purposes only]

REGULATORY AGREEMENT
(Mission Blvd and Park Ave)

This REGULATORY AGREEMENT (Mission Blvd and Park Ave) ("**Regulatory Agreement**") is made and entered into as of _____, 20__, by and between THE POMONA HOUSING AUTHORITY, in its capacity as Pomona Housing Successor Agency ("**Authority**") and _____ LP, a California limited partnership ("**Owner**").

RECITALS

A. The Authority and the Owner's predecessor-in-interest entered into that certain Affordable Housing Disposition and Development Agreement (Mission Blvd and Park Ave) dated as of February 3, 2020 (the "**Affordable Housing Agreement**"), which provides that the Authority will convey to the Owner that certain real property located at the northeast corner of Camino Capistrano and Junipero Serra Road, Pomona (APN 8341-010-916), more specifically described in Attachment No. 1, incorporated herein by this reference (the "**Property**"), subject to the terms and conditions of the Affordable Housing Agreement. Under the Affordable Housing Agreement, the Authority has agreed to provide financial assistance to the Owner for acquisition of the Property and the construction thereon by the Owner of a fifty-seven (57)-unit multifamily residential development (the "**Project**").

B. The Authority and the Owner desire that the Project be operated as a multifamily residential community on the Property with the residential units made available to Qualified Households at an Affordable Rent as more specifically defined herein. This Regulatory Agreement establishes terms and conditions which govern the operation of the Property.

C. The terms of the Affordable Housing Agreement require that certain covenants and affordability restrictions remain in full force and effect on the Project for a term commencing on the date of recordation of this Regulatory Agreement and continuing for fifty-five (55) years following the recordation of Certificate of Completion as defined herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND UNDERTAKINGS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE OWNER AND THE AUTHORITY DO HEREBY COVENANT AND AGREE FOR THEMSELVES, THEIR SUCCESSORS AND ASSIGNS AS FOLLOWS:

1. Definitions of Certain Terms. **AS USED IN THIS REGULATORY AGREEMENT, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE MEANING AS PROVIDED IN THE RECITALS OR IN THIS SECTION 1, UNLESS THE SPECIFIC CONTEXT OF USAGE OF A PARTICULAR WORD OR TERM MAY OTHERWISE REQUIRE. ALL INITIALLY CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THE RECITALS OR IN THIS SECTION SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM BY THE AFFORDABLE HOUSING AGREEMENT.**

1.1. Affordable Rent. In reference to each Qualifying Unit, "Affordable Rent" as defined in California Health and Safety Code Section 50053(b) and accompanying regulations of

the California Department of Housing and Community Development, as such law or regulations may hereafter be amended, replaced or renumbered from time-to-time, with allowance for utilities and maintenance costs, as such allowance may be established by the California Department of Housing and Community Development or Orange County Housing Authority, from time to time.

1.2. Annual Report. The Certification of Continuing Program Compliance attached to this Regulatory Agreement as Attachment No. 3 and incorporated by this reference or comparable report filed annually by the Owner with TCAC or other governmental agencies.

1.3. Automobile Liability Insurance. Insurance coverage against claims of personal injury (including bodily injury and death) and property damage covering all the Owner owned, leased, hired and non-owned vehicles, with minimum limits for bodily injury and property damage of One Million Dollars ($1,000,000). Such insurance shall be provided by a business or commercial vehicle policy and may be provided through a combination of primary and excess or umbrella policies, all of which shall be subject to pre-approval by the Authority, which approval shall not be unreasonably withheld, delayed or conditioned.

1.4. Certificate of Completion. The written certification of the Authority, in substantially the form of Exhibit G attached to the Affordable Housing Agreement, certifying that the Project has been completed in compliance with the terms and conditions of this Regulatory Agreement.

1.5. Authority Parties. Collectively, the Authority and its commissions, agents, attorneys, officers, employees, and authorized representatives.

1.6. Extremely Low Income Household. An individual or family whose income does not exceed the qualifying limits for extremely low income families, as established and amended from time to time by HUD, and defined in Section 5.603(b) of Title 24 of the Code of Federal Regulations, or as otherwise determined by the California Department of Housing and Community Development, pursuant to California Health and Safety Code Section 50106.

1.7. HUD. The United States Department of Housing and Urban Development.

1.8. Income Certification Form. The Certification of Tenant Eligibility attached to this Regulatory Agreement as Attachment No. 2 and incorporated by this reference, or comparable income certification form required by TCAC or other governmental agencies.

1.9. Liability Insurance. Commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Property, the Project or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars ($2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Project or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

1.10. Low Income Household. An individual or family whose income does not exceed the qualifying limits for lower income families, as established and amended from time to time by HUD, pursuant to Section 8 of the United States Housing Act of 1937 or as otherwise determined by the California Department of Housing and Community Development, pursuant to California Health and Safety Code Section 50079.5.

1.11. Management Agent. A person with significant experience in management of affordable rental housing projects substantially similar to the Project and that is, at the time, managing other financially self-supporting, successful affordable rental housing projects substantially similar to the Project.

1.12. Manager Unit. The one (1) Three Bedroom Unit within the Project reserved exclusively for use by the on-site manager employed by the Owner or the Management Agent, as applicable.

1.13. Moderate Income Household. "Persons and families of low or moderate income," as defined in California Health and Safety Code Section 50093, whose income exceeds the income limit for "lower income households," as defined in California Health and Safety Code Section 50079.5

1.14. One Bedroom Unit. Any one of the one bedroom residential accommodations within the Project.

1.15. Project. The operation of a multi-family rental housing project which shall include not less than fifty-seven (57) units, fifty-six (56) of which shall be rented to Qualified Households at Affordable Rents, and all related on- and off-site improvements, as more particularly described in the Affordable Housing Agreement**.**

1.16. Property Insurance. Insurance providing coverage for the Property and all improvements on or to the Property against loss, damage, or destruction by fire and other hazards encompassed under the broadest form of property insurance coverage then customarily used for like properties in the County of Los Angeles, excluding earthquake coverage, in an amount equal to one hundred percent (100%) of the replacement value (without deduction for depreciation) of all improvements comprising the Project (excluding excavations and foundations) and in any event sufficient to avoid co-insurance and with no co-insurance penalty provision, with "ordinance or law" coverage. To the extent customary for like properties in the County of Los Angeles at the time, such insurance shall include coverage for explosion of steam and pressure boilers and similar apparatus located on the Property; an "increased cost of construction" endorsement; and an endorsement covering demolition and cost of debris removal, all subject to policy sublimits. Property Insurance shall also include rental or business interruption insurance in an amount, at least, equal to the average annual gross income from the Project for the preceding three (3) calendar years and providing for a 12-month extended period of indemnity.

1.17. Qualified Households. A household that (1) intends to reside in the Qualifying Unit; and (2) whose income does not exceed the maximum income allowable for the subject Qualifying Unit.

1.18. Qualifying Units. The fifty-six (56) One Bedroom Units, Two Bedroom Units

and Three Bedroom Units within the Project restricted to occupancy by Qualified Households as set forth in Section 6.

1.19. Supplemental Security Income Household. An individual or household that qualifies for and receives Supplemental Security Income.

1.20. Tax Credits. An allocation from TCAC of nine percent (9%) federal low income housing tax credits to finance a portion of the costs of the Project, in accordance with Section 42 of the Internal Revenue Code of 1986, as amended, all associated Internal Revenue Service regulations and all associated TCAC regulations.

1.21. TCAC. The California Tax Credit Allocation Committee or its successor in function.

1.22. Term. The period of time following the date of recordation of this Regulatory Agreement, and ending on the fifty-fifth (55th) anniversary of recordation of the Certificate of Completion.

1.23. Three Bedroom Unit. Any one of the three bedroom residential accommodations within the Project.

1.24. Two Bedroom Unit. Any one of the two bedroom residential accommodations within the Project.

1.25. Very-Low Income Household. An individual or family whose income does not exceed the qualifying limits for very low income families, as established and amended from time to time by HUD, pursuant to Section 8 of the United States Housing Act of 1937 or as otherwise determined by the California Department of Housing and Community Development, pursuant to California Health and Safety Code Section 50105.

1.26. Workers Compensation Insurance. Workers compensation insurance complying with the provisions of California law and an employer's liability insurance policy or endorsement to a liability insurance policy, with a minimum liability limit of One Million Dollars ($1,000,000) per accident for bodily injury or disease, covering all employees of the Owner

2. Reservation of Property for Affordable Housing. The Owner covenants and agrees to reserve and restrict the Property for construction of the Project and, thereafter, reserve and restrict use and residential occupancy of the Qualifying Units by households who, at the time of initial occupancy of a Qualifying Unit and continuously thereafter (subject to the other provisions of this Regulatory Agreement), until the end of the Term, are members of a Qualifying Household. One (1) Three Bedroom Unit within the Project may be used as a Manager Unit at any given time provided that no Qualifying Unit shall be used as a Manager Unit.

3. Affordable Multi-Family Residential Rental Property Restrictive Covenant. The Owner covenants to and for the benefit of the Authority that the Owner shall develop, own, manage and operate, or cause the management and operation of, the Project to provide multi-family

residential rental housing in the Qualifying Units only to Qualifying Households at an Affordable Rent. The Owner hereby confirms and remakes its covenant set forth in Section 4.1 of the Affordable Housing Agreement to develop the Property with the Project and such covenant is incorporated into this Regulatory Agreement in its entirety by this reference. The Owner will not knowingly permit any Qualifying Unit to be used on a transient basis and will not lease or rent any Qualifying Unit for an initial period of less than twelve (12) months. No Qualifying Unit will, at any time, be leased or rented for use as a hotel, motel, time share, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitary or rest home.

4. Continuous Operation Covenant. The Owner covenants to and for the benefit of the Authority to cause the Project to be continuously operated, in accordance with the other provisions of this Regulatory Agreement, throughout the Term.

5. Abandonment. The Owner shall not abandon or surrender the operation of all or any part of the Project during the Term, except due to material casualty or condemnation.

6. Rental of Qualifying Units. The Owner covenants that each Qualifying Unit shall be occupied or available for occupancy by a Qualifying Household at an Affordable Rent on a continuous basis throughout the Term, in accordance with the following tenant income level mix:

6.1. Not less than four (4) of the One Bedroom Units, three (3) of the Two Bedroom Units and three (3) of the three bedroom units shall be occupied or available for occupancy by Qualifying Households that are Extremely Low Income Households; and

6.2. Not less than eight (8) of the One Bedroom Units, and one (1) of the Two Bedroom Units shall be occupied or available for occupancy by Qualifying Households that are Very Low Income Households.

6.3. Not less than ten (10) of the One Bedroom Units, sixteen (16) of the Two Bedroom Units and eleven (11) of the Three Bedroom Units shall be occupied or available for occupancy by Qualified Households that are Moderate Income Households.

7. Affordable Rent. The monthly rent charged to a Qualifying Household for the occupancy of a Qualifying Unit shall never exceed an Affordable Rent for such Qualifying Unit set forth in Section 1.5.

7.1. Rent for Qualifying Units may be increased only once per calendar year, based on changes in Area Median Income; provided that the rent for each Qualifying Unit must never exceed an Affordable Rent for the Qualifying Unit as necessary to maintain the tenant income mix specified in Section 6.

7.2. Determination of Qualifying Household income shall be made by the Owner at the time of initial application by a household for occupancy of a Qualifying Unit. At the time of initial application, the Owner shall require an applicant to complete the Income Certification Form and certify the accuracy of the information provided on such form. On or before March 31 of each calendar year during the Term, the Owner shall require each Qualifying Household occupying a Qualifying Unit to recertify the Qualifying Household's income on the Income

Certification Form. The Owner shall make a good faith effort to verify the accuracy of income information provided in any Income Certification Form by an applicant for occupancy of a Qualifying Unit or by a Qualifying Household occupying a Qualifying Unit, by taking one or more of the following steps, as reasonably required or indicated: (1) obtain an income tax return and copy of each W2 Wage and Earnings Statement for the most recently concluded income tax year; (2) conduct a credit reporting agency or similar search; (3) obtain an income verification form from the applicant's or the Qualifying Household's current employer(s); (4) obtain an income verification form from the United States Social Security Administration and/or the California Department of Social Services, if the applicant or the Qualifying Household receives assistance from either of such agencies; or (5) if the applicant or an adult member of a Qualifying Household is unemployed and has no such income tax return, obtain another form of independent verification. For purposes of this Section 7.2, the Owner may conclusively rely upon the evidence of the age of the occupant(s) of a Qualifying Unit as presented in a valid California Driver's License, other form of identification issued by the State of California or the United States Government, which includes a date of birth. All such verification information shall only be obtained by the Owner after obtaining the applicant's or the Qualifying Household's written consent for the release of such information to the Owner. Failure to consent in writing to the release of such income verification information to the Owner may disqualify an applicant for occupancy of a Qualifying Unit or be grounds for termination of Qualifying Household's occupancy of a Qualifying Unit.

7.3. The Qualifying Units are not specifically assigned to any qualifying income category (i.e., Extremely Low Income Household, Very Low Income Household or Moderate Income Household). The restricted income level of each Qualifying Unit may change as Qualifying Units become vacant, a Qualifying Household tenant's income changes or other Qualifying Units are occupied by Qualifying Households. In all circumstances, though, the rent for each Qualifying Unit shall be an Affordable Rent for the Qualifying Unit as necessary to maintain the restricted income tenant mix required under Section 6. If, upon any recertification, the income of a previously Qualifying Household exceeds one hundred forty percent (140%) of the qualifying income for a Very Low Income Household, then, if permitted by TCAC, the Owner or Management Agent shall notify such household that its lease for its Qualifying Unit will not be renewed upon the expiration of its lease, unless the household again becomes a Qualifying Household upon recertification prior to the expiration of its lease. In any event, if the income category of a Qualifying Household upon recertification is different from the previous income of the Qualifying Household (e.g., an Extremely Low Income Household becomes a Very Low Income Household or a Very Low Income Household becomes an Extremely Low Income Household; or any similar change in the income of a Qualifying Household tenant of the Project), the Owner or Management Agent shall rent the next available Unit to a Qualifying Household with an income level that will maintain the tenant income level mix set forth in Section 6. To the extent the federal low-income housing tax credit requirements conflict with the requirements in this Section 7.3 relative to the continued occupancy by households that do not qualify as Qualifying Households, the federal low-income housing tax credit requirements shall apply in place of the provisions in this Section 7.3.

7.4. The Owner shall maintain on file all Income Certification Forms completed by applicants for occupancy of Qualifying Units and by Qualifying Households that occupied or are occupying Qualifying Units in accordance with Section 6 and shall provide copies of the rent roll

and Income Certification Forms to the Authority for its review and approval within fifteen (15) days following Notice to the Owner.

7.5. The Owner and each Qualifying Household occupying a Qualifying Unit shall permit the Authority to conduct inspections of the Property, the Project and each Qualifying Unit, from time-to-time, for purposes of verifying compliance with this Regulatory Agreement, upon fifteen (15) days prior written notice to the Owner.

7.6. The Owner shall submit its first Annual Report to the Authority on the April 30th immediately following the issuance of the final Certificate of Occupancy for the Project by the Authority. Thereafter, on each April 30 during the Term, the Owner shall submit an Annual Report to the Authority. The Authority shall maintain the confidentiality of the information contained in any Annual Report specifically relating to any particular Qualifying Household occupying a Qualifying Unit, to the extent reasonably allowed by Law, as determined by the Authority's general or special counsel.

8. Rent Increases on Loss of Project Based Vouchers. It is anticipated that six (6) of the Very Low Income Qualifying Units in the Development will receive project-based vouchers through the HUD Veterans Affairs Supportive Housing (VASH) Program (the "Rental Subsidy") throughout the Term. If through no fault of the owner, including, without limitation, change in federal law occurs, an action (or inaction) by Congress or any federal or state agency occurs, or a material reduction, termination or nonrenewal of the Rental Subsidy occurs, such that the Rental Subsidy is reduced or is no longer available, Borrower shall, in anticipation of such loss in Rental Subsidy, use good faith, commercially reasonable efforts for a period of sixty (60) days, to obtain alternative sources of rental subsidies and shall provide the City weekly progress reports on Borrower's efforts to obtain alternative sources of rental subsidies. If at the end of such sixty (60) day period Borrower is unable to secure an alternate source of rental subsidy, notwithstanding Sections 6 and 7 of this Agreement, the Owner may increase the Affordable Rent on one or more of the Very Low Income Qualifying Units, to an Affordable Rent for Low Income Households, subject to the following requirements:

8.1. Any such Affordable Rent increase must be pursuant to a transition plan approved by the City showing how the Affordable Rent increase will be phased-in, and which Very Low Income Qualifying Units will be subject to the increase, and, if applicable, be consistent with remedial measures set forth in California Code of Regulations Title 4, Division 17, Chapter 1, Section 10337(a)(3) or successor regulation applicable to California's Federal and State Low Income Housing Tax Credit Program;

8.2. At the time Borrower requests an increase in the Rent, Borrower shall provide the City with a copy of the proposed Annual Operating Budget showing the impact of the loss or reduction of the Rental Subsidy;

8.3. Any subsequent Affordable Rent increases remain subject to Section 7.1 above;

8.4. The number of Very Low Income Qualifying Units subject to the Affordable Rent increase and the level of Affordable Rent increase may not be greater than the amount reasonably required to ensure that the Project generates sufficient income to cover its operating

costs and debt service as shown on the Annual Operating Budget, and as is reasonably necessary to maintain the financial stability of the Project; and

8.5. Borrower shall continue to use good faith commercially reasonable efforts to obtain alternative sources of rental subsidies and shall provide the City with annual progress reports on efforts to obtain alternative sources of rental subsidies that would allow the rents on the Very Low Income Units to be reduced back to the Affordable Rents for Very Low Income Households, as contemplated by this Agreement. Upon receipt of any alternative rental subsidies, Borrower shall reduce the Rents on the Very Low Income Qualifying Units back to the Affordable Rents for Very Low Income Households as set forth herein, to the extent that the alternative rental subsidies provide sufficient income to cover the operating costs and debt service of the Project as shown on the Annual Operating Budget.

9. The Owner Covenant Regarding Lease of Qualifying Units. The Owner, for itself, its successors and assigns, covenants and agrees that, if any Qualifying Unit is rented or leased during the Term, the rental or lease of the Qualifying Unit shall be accomplished through a written lease agreement and all of the following restrictions shall apply:

9.1. A Qualifying Household shall be the record tenant and only occupant of the Qualifying Unit.

9.2. The lease for each Qualifying Unit shall be for an initial term of not less than twelve (12) months.

9.3. Each lease for a Qualifying Unit shall contain all of the following provisions:

9.3.1. An agreement authorizing the Owner to immediately terminate the tenancy of a Qualifying Household occupying a Qualifying Unit, where one or more members of that Qualifying Household misrepresented any fact material to the qualification of such household as a Qualifying Household;

9.3.2. An agreement providing that each Qualifying Household occupying a Qualifying Unit shall be subject to annual certification or recertification of income as a condition to continued occupancy of the Qualifying Unit;

9.3.3. An agreement providing that each Qualifying Household occupying a Qualifying Unit may be subject to rental increases in accordance with this Regulatory Agreement; and

9.3.4. An agreement providing that the Owner will not discriminate on the basis of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, genetic information or receipt of public assistance or housing assistance in connection with rental of a Qualifying Unit, or in connection with the employment or application for employment of persons for operation and management of the Project, and all contracts, applications and leases entered into for such purposes shall contain similar non-discrimination clauses to such effect.

9.4. The Owner shall not terminate the tenancy or refuse to renew the lease or rental

agreement of a Qualifying Household except for: (i) serious or repeated violations of the terms and conditions of the lease; (ii) because the previously Qualifying Household is no longer a Qualifying Household; (iii) for violation of applicable Federal, State, or local law; or (iv) for other good cause. The Owner shall follow all applicable laws in connection with termination of the tenancy of a Qualifying Household or a refusal to renew the lease or rental agreement of a Qualifying Household.

9.5. Tenant Selection Policies and Criteria. The Owner shall adopt written tenant selection policies and criteria that:

9.5.1. are consistent with the purpose of providing affordable rental housing for Qualifying Households at an Affordable Rent;

9.5.2. are reasonably related to tenant eligibility and ability to perform the obligations of the lease for a Qualifying Unit;

9.5.3. give prompt written notice to any rejected applicant of the grounds for rejection;

9.5.4. provide for all of the Qualifying Units to be available for occupancy on a continuous basis to Qualifying Households at an Affordable Rent; and

9.5.5. do not give preference to any particular class or group of persons in leasing or renting the Qualifying Units, except to the extent that a tenant must be a Qualifying Household.

10. Non-Discrimination. All units in the Project shall be available at an Affordable Rent for occupancy on a continuous basis to Qualified Households. Except as provided in Sections 8.5.3 and 8.5.4, the Owner shall not give preference to any particular class or group of persons in renting the units in the Project. There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of any Unit. Neither the Owner nor any person claiming under or through the Owner, shall establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of any Unit or in connection with the employment of persons for the operation and management of any Unit, the Project or the Property. All deeds, leases or contracts made or entered into by the Owner as to the units, the Project or the Property or any portion thereof, shall contain covenants prohibiting discrimination, as prescribed by this Regulatory Agreement. The Owner shall include a statement in all advertisements, notices and signs for the availability of units in the Project for rent to the effect that the Owner is an Equal Housing Opportunity Provider.

11. Equal Housing Notice. Provide for a statement in all advertisements, notices and signs for the availability of Qualifying Units for lease or rent to the effect that the Owner is an equal housing opportunity provider, and include an equal housing opportunity logotype in all notices, signs and advertisements in print media for the Qualifying Units.

12. Development and Management of the Project.

12.1. Management of Project. The Owner shall be responsible for management of the Project including, without limitation, the selection of Qualified Households, certification and recertification of household size, income, gender and the age of the head of household and relation of head of household to the household, of all Qualified Households, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Authority shall have no responsibility for the management or operation of the Project or the Property. The Project shall at all times be managed by a Management Agent reasonably acceptable to the Authority, with demonstrated ability to operate residential rental facilities similar to the Project in a manner that will provide decent, safe, and sanitary housing. For the purposes hereof, if the Owner directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner or an affiliate of a partner in the Owner, such Management Agent shall be deemed approved by the Authority. If the Management Agent is an entity or person other than the Owner, its employees, a partner in the Owner or an entity owned or controlled by a partner of the Owner or which owns and/or controls the Owner, the Owner shall submit for the Authority's approval the identity of any proposed Management Agent, together with additional information relevant to the background, experience and financial condition of any proposed Management Agent, as reasonably requested by the Authority. If the proposed Management Agent meets the standard for a qualified Management Agent set forth above, the Authority shall approve the proposed Management Agent by notifying the Owner in writing within thirty (30) days following the Owner's written request for such approval. Unless the proposed Management Agent is disapproved by the Authority within thirty (30) days, which disapproval shall state with reasonable specificity the basis for disapproval, it shall be deemed approved.

12.1.1. If the Owner directly performs the functions of the Management Agent by its employees or by means of a service contract with an entity which is a partner or an affiliate of a partner in the Owner and the Authority determines the Owner has not met its management responsibilities, the Authority shall have the right to enter the Project, to review relevant documentation to determine if the Owner is acting in a reasonable manner and, subject to approval of the investor limited partner, to require the Owner to hire a third party management company acceptable to the Authority.

12.1.2. Any contract for the operation or management of the Project entered into by Owner with a Management Agent shall provide that the contract is subject to the provisions of this Regulatory Agreement. If the Project is not being operated and managed in accordance with the requirements and standards of this Regulatory Agreement, following expiration of any applicable cure period), and subject to the approval of the investor limited partner and all applicable Law, Owner shall remove the Management Agent and replace the Management Agent with a different Management Agent reasonably approved by City, pursuant to Section 11.1. Subject to the terms of this Section 12.1.2, Owner's failure to remove and replace the Management Agent in any such circumstance shall constitute a Default by Owner under this Regulatory Agreement..

12.2. Insurance.

12.2.1. Required Insurance. The Owner shall maintain, to protect the Authority Parties against all insurable claims resulting from the actions of the Owner in connection with this Regulatory Agreement, the Property and the Project, at the sole cost and expense of the Owner during the Term hereof the following insurance (or its then reasonably available equivalent): (a) Liability Insurance; (b) Automobile Liability Insurance to the extent required by this Regulatory Agreement; (c) Property Insurance; and (d) Workers Compensation Insurance. The Owner shall require all subcontractors to maintain the same insurance required of the Owner set forth in this Section 11.2 prior to performing any work on the Property or the Project.

12.2.2. Policy Requirements and Endorsements. All insurance policies required by this Regulatory Agreement shall contain (by endorsement or otherwise) the following provisions:

Insured. The Owner's Liability Insurance and Automobile Liability Insurance policies shall name the Authority Parties as "additional insured." The Owner's Property Insurance policy shall name the Authority as a "loss payee." The coverage afforded to the Authority Parties shall be at least as broad as that afforded to the Owner regarding the Property and the Project and may not contain any terms, conditions, exclusions, or limitations applicable to the Authority Parties that do not apply to the Owner.

Primary Coverage. Any insurance or self-insurance maintained by the Authority Parties shall be in excess of all insurance required under this Regulatory Agreement and shall not contribute to any insurance required under this Regulatory Agreement.

Contractual Liability. The Owner's Liability Insurance policy shall contain contractual liability coverage for the Owner's indemnity obligations under this Regulatory Agreement. The Owner's obtaining or failure to obtain such contractual liability coverage shall not relieve the Owner from nor satisfy any indemnity obligation of the Owner under this Regulatory Agreement.

Deliveries to the Authority. The Owner shall deliver to the Authority evidence of all insurance policies required by this Regulatory Agreement. No later than three (3) days before any insurance required by this Regulatory Agreement expires, is cancelled or its liability limits are reduced or exhausted, the Owner shall deliver to the Authority evidence of the Owner's maintenance of all insurance this Regulatory Agreement requires. Owner shall forward any notice of cancellation to the Authority within two (2) business days from date of receipt by the Owner.

Waiver of Certain Claims. The Owner shall cause each insurance carrier providing insurance coverage under this Regulatory Agreement to endorse their applicable policy(ies) with a Waiver of Subrogation with respect to the Authority Parties, if not already in the policy. To the extent that the Owner obtains insurance with a Waiver of Subrogation, the parties release each other, and their respective authorized representatives, from any claims for damage to any person or property to the extent such claims are paid by such insurance policies obtained pursuant to and in satisfaction of the provisions of this Regulatory Agreement.

No Claims Made Coverage. None of the insurance coverage required under this Regulatory Agreement may be written on a claims-made basis.

12.2.3. Fully Paid and Non-Assessable. All insurance obtained and maintained by the Owner pursuant to this Section 12.2 shall be fully paid for and non-assessable. However, such insurance policies may be subject to insurer audits.

12.2.4. Authority Option to Obtain Coverage. During the continuance of an Event of Default arising from the failure of the Owner to carry any insurance required by this Regulatory Agreement, the Authority may, at its option, purchase any such required insurance coverage and the Authority shall be entitled to immediate payment from the Owner of any premiums and associated reasonable costs paid by the Authority for such insurance coverage. Any amount becoming due and payable to the Authority under this Section 12.2.4 that is not paid within fifteen (15) calendar days after written demand from the Authority for payment of such amount, within an explanation of the amounts demanded, will bear interest from the date of the demand at the rate of eight percent (8%) per annum or the maximum interest rate allowed by applicable law, whichever is less. Any election by the Authority to purchase or not to purchase insurance otherwise required by the terms of this Regulatory Agreement to be carried by the Owner shall not relieve the Owner of its obligation to obtain and maintain any insurance coverage required by this Regulatory Agreement.

12.2.5. Separation of Insured. The Owner's Liability Insurance and Automobile Liability Insurance policies shall provide for separation of insured for the Owner and the Authority Parties. Insurance policies obtained in satisfaction of or in accordance with the requirements of this Regulatory Agreement may provide a cross-suits exclusion for suits between named insureds, but shall not exclude suits between named insureds and additional insureds.

12.2.6. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions under insurance policies required by this Regulatory Agreement shall be declared to and reasonably approved by the Authority. The Owner shall pay all such deductibles or self-insured retentions regarding the Authority Parties or, alternatively, the insurer under each insurance policy required by this Section 12.2 shall eliminate such deductibles or self-insured retentions with respect to the Authority Parties.

12.2.7. No Separate Insurance. The Owner shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Regulatory Agreement, unless the Authority is made an additional insured thereon, as required by this Regulatory Agreement.

12.2.8. Insurance Independent of Indemnification. The insurance requirements of this Regulatory Agreement are independent of the Owner indemnification and other obligations under this Regulatory Agreement and shall not be construed or interpreted in any way to satisfy, restrict, limit, or modify the Owner's indemnification or other obligations or to limit the Owner's liability under this Regulatory Agreement, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall the provision of such insurance preclude the Authority from taking such other actions as are available to it under any other provision of this Regulatory Agreement or otherwise at law or in

equity.

12.2.9. Nature of Insurance. The policies of insurance required by this Regulatory Agreement shall be issued by carriers that: (a) are listed in then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "XI" (exception may be made for the California Compensation Insurance Fund when not specifically rated); and (b) are authorized to do business in California. The Owner may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Property and the Project, which amount(s) shall equal or exceed the amount(s) required by this Regulatory Agreement; and (ii) such policy otherwise complies with this Regulatory Agreement.

13. Maintenance of the Project. The Owner, for itself, its successors and assigns, hereby covenants and agrees that the exterior areas of the Project which are subject to public view (e.g.: all improvements, paving, walkways, landscaping, and ornamentation) shall be maintained in good repair and in a neat, clean and orderly condition, ordinary wear and tear excepted. In the event that at any time during the Term, there is an occurrence of an adverse condition on any area of the Project which is subject to public view in contravention of the general maintenance standard described above ("**Maintenance Deficiency**"), then the Authority shall notify the Owner in writing of the Maintenance Deficiency and give the Owner thirty (30) calendar days from the date of such notice to cure the Maintenance Deficiency as identified in the notice, or such additional time as reasonably necessary to cure the Maintenance Deficiency, if such Maintenance Deficiency cannot reasonably be cured within such thirty (30) day period. "Maintenance Deficiency" includes, without limitation, the following inadequate or non-conforming property maintenance conditions and/or breaches of residential property use restrictions: (i) failure to properly maintain the windows, structural elements, and painted exterior surface areas of the units in a clean and presentable manner; (ii) failure to keep the common areas of the Project free of accumulated debris, appliances, inoperable motor vehicles or motor vehicle parts, or free of storage of lumber, building materials or equipment not regularly in use on the Property; (iii) failure to regularly maintain, replace and renew the landscaping in a reasonable condition free of weed and debris; and (iv) the use of garage areas on the Project for purposes other than the parking of motor vehicles and the storage of personal possessions and mechanical equipment of persons residing in the Project.

13.1. In the event the Owner fails to cure or commence to cure the Maintenance Deficiency within the time allowed, the Authority may thereafter conduct a public hearing following transmittal of written notice thereof to the Owner ten (10) calendar days prior to the scheduled date of such public hearing in order to verify whether a Maintenance Deficiency exists and whether the Owner has failed to comply with the provision of this Section 12. If, upon the conclusion of a public hearing, the Authority makes a finding that a Maintenance Deficiency exists and that there appears to be non-compliance with the general maintenance standard, as described above, then the Authority shall have the right to enter the Project (exterior areas of the Project which are subject to public view only) and perform all acts necessary to cure the Maintenance Deficiency, or to take other action at law or equity that the Authority may then have to accomplish the abatement of the Maintenance Deficiency. Any sum expended by the

Authority for the abatement of a Maintenance Deficiency as authorized by this Section 12.1 shall be due and payable by Developer.

13.2. Graffiti which is visible from any public right-of-way which is adjacent or contiguous to the Project shall be removed by the Owner from any exterior surface of a structure or improvement on the Project by either painting over the evidence of such vandalism with a paint which has been color-matched to the surface on which the paint is applied, or graffiti may be removed with solvents, detergents or water as appropriate. In the event that graffiti is placed on the Project (exterior areas only) and such graffiti is visible from an adjacent or contiguous public right-of-way and thereafter such graffiti is not removed within seventy-two (72) hours following the time of its application, or the Owner's actual knowledge of its existence, whichever occurs later; then in such event and without notice to the Owner, the Authority shall have the right to enter the Project and remove the graffiti. Notwithstanding any provision of the Regulatory Agreement to the contrary, any sum expended by the Authority for the removal of graffiti from the Project as authorized by this Section 12.2 shall be due and payable by Developer.

13.3. Capital Replacement Reserve Account. The Owner shall establish an account for the payment of repair and replacement of capital items ("**Capital Replacement Reserve Account**") in an initial amount as required by the Institutional Lenders for the Project or the investor limited partner of the Owner. Each year thereafter, the Owner shall deposit into the Capital Reserve Replacement Account additional amounts as required by the Institutional Lenders for the Project or the investor limited partner of the Owner, but not less than Five Hundred Dollars ($500) per Unit per year for sixteen of the Units (ten of which are designated as units receiving assistance through the Mental Health Services Act (MHSA) Housing program, and six of which are designated as units receiving assistance through the Veterans Affairs Supportive Housing (VASH) Program), and Two Hundred Fifty Dollars ($250) per Unit per year for the remaining units; provided, however, that if the assistance provided through the VASH and/or MHSA programs is withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner, then the minimum amount to be deposited with respect to the Units for which such assistance has been withdrawn or terminated shall be Two Hundred Fifty Dollars ($250) per year; provided, however, that if the assistance provided through the VASH and/or MHSA programs is withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner, then the minimum amount to be deposited with respect to the Units for which such assistance has been withdrawn or terminated shall be Two Hundred Fifty Dollars ($250) per year.

13.3.1. Capital Repairs and Replacements. Capital repairs and replacements shall include, but not be limited to, the following: wet and dry utilities; roof repair and replacement as necessary; repair and replacement of boilers and the major operating components thereof; stucco repair and replacement; exterior painting; replacement of carpeting and vinyl or other hard surface flooring; replacement of drapes; replacement of dishwashers, garbage disposals and other interior appliances; repair and replacement of heating, ventilating and air conditioning systems, equipment and components; and installation of solar panels. All of the foregoing and other similar expenditures on the Project shall be considered to be qualifying capital repair and replacement expenses. Interior painting and servicing, repair or replacement of interior hardware shall not be considered to be a capital repair, but shall be ordinary operating expenses for the

Project. The Owner shall withdraw funds from the Capital Replacement Reserve Account to pay such capital repair and replacement expenses as the Owner may deem necessary for the purposes of meeting the maintenance and replacement obligations described herein.

13.3.2. Insured Depository. The Capital Replacement Reserve Account shall be maintained in a depository insured by an agency of the federal government.

13.3.3. Documentation. Annually, or more frequently at the Authority's reasonable request, the Owner shall document the level of capital repairs and replacements for the preceding period. The Owner shall maintain and shall provide as requested documentation showing the quantity and price of items purchased, price of materials and the cost of contracted labor or other services incurred in connection with such capital repair and replacement, and such other items as the Authority may reasonably request.

13.3.4. Withdrawals from Reserve Account. On an annual basis, the Owner shall notify the Authority of the anticipated cash requirements which will need to be withdrawn from the Capital Replacement Reserve Account. Amounts so budgeted may be withdrawn by the Owner from the indicated Capital Replacement Reserve Account without Authority approval. Other withdrawals for unbudgeted, unanticipated or emergency Project expenditures may be withdrawn by the Owner without prior the Authority approval, but the Owner shall notify the Authority in writing within ten (10) calendar days after withdrawal. All amounts so withdrawn by the Owner shall be expended on the Project and in accordance with this Regulatory Agreement. Other than for budgeted expenditures, withdrawals in excess of Twenty-Five Thousand Dollars ($25,000) in any one calendar year shall be pre-approved by the Authority in its reasonable discretion, subject to the rights of any Senior Lenders or the investor limited partner of the Owner.

13.3.5. Interest Earned on Funds in the Capital Replacement Reserve Account. Any interest or other earnings from sums deposited into the Capital Replacement Reserve Account shall be retained in and added to the balance in said account.

13.3.6. Capital Needs Assessment. If requested in writing by the Authority, the Owner shall deliver to the Authority, for the Authority's reasonable review and approval, a capital needs assessment ("**CNA**") no more often than every ten (10) years after the date of the Certificate of Completion for the Project. The CNA shall include an analysis of the Owner's actual expenditures for capital needs compared to the most recently approved CNA, the Owner's original operating budget and its then-current operating budget. Each CNA shall include a ten (10) year capital needs assessment or analysis of replacement reserve requirements prepared by a qualified third party in accordance with reasonable and customary standards for similar residential rental projects.

13.3.7. Displacement of Residents and Relocation. The Owner shall make reasonable commercial efforts to conduct capital repairs and replacements and ordinary repair and maintenance (collectively, "**Repairs**") in good faith and in a manner that does not result in the displacement of any of the residents of the Units. If any of the Owner's actions to conduct Repairs result in displacement of any of the Units' residents, the Owner shall notify the Authority in writing, prior to conducting such Repairs, of the identities of the residents to be

displaced, the Units they will be displaced from, and the estimated length of time such residents shall be displaced. If the displacement of the residents triggers relocation obligations, the Owner shall be responsible, at its sole cost and expense, for any and all such relocation obligations and related expenses. The Owner shall comply with all applicable federal, state and local laws, rules and regulations regarding such relocation obligations and related expenses, including any relocation requirements set forth by the Authority. The Owner shall defend, indemnify and hold harmless the Authority Parties from and against all liability for any relocation obligations and related expenses attributable to any Repairs.

14. Covenants to Run With the Land. The Owner and the Authority hereby declare their specific intent that the covenants, reservations and restrictions set forth herein are part of a plan for the promotion and preservation of affordable housing within the territorial jurisdiction(s) of the Authority and that each shall be deemed covenants running with the land and shall pass to and be binding upon the Property and each successor-in-interest of the Owner in the Property for the Term. The Owner hereby expressly assumes the duty and obligation to perform each of the covenants and to honor each of the reservations and restrictions set forth in this Regulatory Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

15. Burden and Benefit. The Authority and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Property is affected by the affordable dwelling use and occupancy covenants hereunder. The Authority and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the affordable housing goals and objectives of the Authority and in order to make the Property available for acquisition by the Owner.

16. Defaults.

16.1. Events of Default. The occurrence of any of the following is a default and shall constitute a material breach of this Regulatory Agreement and, if not corrected, cured or remedied in the time period set forth in Section 15.2, shall constitute an "**Event of Default**" hereunder:

16.1.1. failure of the Owner or any person under its direction or control to comply with or perform when due any material term, obligation, covenant or condition contained in this Regulatory Agreement;

16.1.2. any warranty, representation or statement made or furnished to the Authority by the Owner under this Regulatory Agreement that is false or misleading in any material respect (meaning that it impacts the consideration that the Authority receives under this Agreement, including but not limited to the affordability of the Qualifying Units) either now or

at the time made or furnished;

16.1.3. the dissolution or termination of the existence of the Owner as an ongoing business, insolvency, appointment of a receiver for any part of the Property of the Owner, any assignment for the benefit of creditors, any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Owner; or

16.1.4. an Event of Default pursuant to the Affordable Housing Agreement.

16.2. Notice of Default. The Authority shall give written notice of default to the Owner, in accordance with Section 22, stating that such notice is a "**Notice of Default**", specifying the default complained of by the Authority and requiring the default to be remedied within thirty (30) calendar days of the date of the Notice of Default. Except as required to protect against further material damage, the Authority may not institute legal proceedings against the Owner until thirty (30) calendar days after providing the Notice of Default. Failure or delay in giving a Notice of Default shall not constitute a waiver of any default, nor shall it change the time of occurrence of the default. If the default specified in the Notice of Default is such that it is not reasonably capable of being cured within thirty (30) calendar days, and if the Owner initiates corrective action within said thirty (30) calendar day period and diligently works to effect a cure as soon as possible, then the Owner may have such additional time as reasonably necessary to complete the cure of the default prior to exercise of any other remedy for the occurrence of an Event of Default. The Authority shall give the investor limited partner in the Owner the following notice and cure rights:

16.2.1. The Authority will give the limited partner a copy of any Notice (at the limited partner's address provided in a notice by the Owner to the Authority) that the Authority gives to the Owner under this Regulatory Agreement, provided that Owner has provided the address and contact information for the investor limited partner in writing to the Authority;

16.2.2. The Authority will give the limited partner thirty (30) days after the limited partner's receipt of such Notice to cure a non-payment of any sum due under this Regulatory Agreement;

16.2.3. The Authority will give the limited partner sixty (60) days after the limited partner's receipt of such Notice to cure any other default under this Regulatory Agreement;

16.2.4. If a non-monetary default is incapable of being cured within sixty (60) days, the Authority will give the limited partner an additional ninety (90) days to cure such default provided the limited partner has commenced to cure such default and is diligently proceeding to cure such default through the end of such period; and

16.2.5. If the limited partner makes any such payment or otherwise cures such default, the Authority will accept such action as curing such default as if such payment or cure were made by the Owner.

16.2.6. If the Owner fails to take (or commence to take, as applicable) corrective action relating to a default within thirty (30) calendar days following the date of Notice of Default (or to complete the cure within the additional time provided for above or within the time

set forth above for the limited partner of the Owner), an Event of Default shall be deemed to have occurred.

16.3. Inaction Not a Waiver of Default. Any failure or delays by the Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the Authority in asserting any of its rights and remedies shall not deprive the Authority of its right to institute and maintain any actions or proceedings which it may reasonably deem necessary to protect, assert or enforce any such rights or remedies.

17. Remedies. Upon the occurrence of an Event of Default, the Authority shall, in addition to the remedial provisions of Section 12 as related to a Maintenance Deficiency at the Property, be entitled to seek any appropriate remedy or damages by initiating legal proceedings as follows: (i) by mandamus or other suit, action or proceeding at law or in equity, to require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority; or (ii) by other action at law or in equity as necessary or convenient to enforce the obligations, covenants and Agreements of the Owner to the Authority.

17.1. Rights and Remedies are Cumulative. The rights and remedies of the Authority as set forth in this Section 16 are cumulative and the exercise by the Authority of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the Owner.

17.2. Enforcement by Third Parties. No third party shall have any right or power to enforce any provision of this Regulatory Agreement on behalf of the Authority or to compel the Authority to enforce any provision of this Regulatory Agreement against the Owner or the Project.

18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California and applicable federal laws, without regard to its conflicts of laws principles.

19. Amendment. This Regulatory Agreement may be amended after its recordation only by a written instrument executed by the Owner and the Authority.

20. Attorney's Fees. In the event that a party to this Regulatory Agreement brings an action to enforce any condition or covenant, representation or warranty in this Regulatory Agreement or otherwise arising out of this Regulatory Agreement, the prevailing party(ies) in such action shall be entitled to recover from the other party reasonable attorneys' fees to be fixed by the court in which a judgment is entered, as well as the costs of such suit.

21. Severability. If any provision of this Regulatory Agreement shall be declared invalid, inoperative or unenforceable by a final judgment or decree of a court of competent jurisdiction such invalidity or unenforceability of such provision shall not affect the remaining parts of this Regulatory Agreement which are hereby declared by the parties to be severable from any other part which is found by a court to be invalid or unenforceable.

22. Time is of the Essence. For each provision of this Regulatory Agreement which states a

specific amount of time within which the requirements thereof are to be satisfied, time shall be deemed to be of the essence.

23. Notices, Demands and Communications Between the Parties. Any and all notices submitted by any party to another party pursuant to or as required by this Regulatory Agreement shall be dispatched by messenger for immediate personal delivery, by a nationally recognized overnight courier service that provides a receipt with the time and date of delivery, or by registered or certified United States mail, postage prepaid, return receipt requested, to the address of the party, as set forth in this Section. Such notice may be sent in the same manner to such other addresses as any party may from time to time designate by notice. Any notice shall be deemed to be received by the addressee, regardless of whether or when any return receipt is received by the sender or the date set forth on such return receipt, on the day that it is dispatched by messenger for immediate personal delivery, on the date of delivery by a nationally recognized overnight courier service, or two (2) calendar days after it is placed in the United States mail, as provided in this Section. Rejection, other refusal to accept or the inability to deliver any notice because of a changed address of which no notice was given or other action by a person or entity to whom notice is sent, shall be deemed receipt of the notice.

The following are the authorized addresses for the submission of notices to the parties, as of the date of this Regulatory Agreement:

To the Owner: _____, LP
c/o Jamboree Housing Corporation
Attn: Scott Riordan, Business Development Manager
17701 Cowan Ave., Suite 200
Irvine, CA 92614
(949) 263-8676 x142and to:

_____, LP
c/o Jamboree Housing Corporation
Attn: Chief Executive Officer
17701 Cowan Ave., Suite 200
Irvine, CA 92614
(949) 263-8676 x104

To the Authority: Pomona Housing Authority
505 South Garey Avenue
Pomona, California 91766
Attn: Executive Director

24. Recording. The parties hereto shall cause this Regulatory Agreement to be recorded in the official records of the County of Los Angeles.

25. No Third Party Beneficiary. No claim as a third-party beneficiary under this Regulatory

Agreement by any person, corporation or any other entity, shall be made or be valid against the Authority or the Owner.

26. Prohibition Against Transfer.

26.1. Except as expressly provided in the Affordable Housing Agreement, the Owner shall not, without prior written approval of the Authority, which may not be unreasonably withheld, delayed or conditioned: (i) assign or attempt to assign this Regulatory Agreement or any right herein; or (ii) make any total or partial sale, transfer, conveyance, lease, leaseback, or assignment of the whole or any part of the Property or the improvements thereon, with the exception of leases of the residential units as permitted by this Regulatory Agreement, or permit to be placed on any of the Property any unauthorized mortgage, trust deed, deed of trust, encumbrance or lien.

26.2. In the absence of specific written agreement or approval by the Authority, no unauthorized sale, transfer, conveyance, lease, leaseback or assignment of the Property shall be deemed to relieve the Owner or any other party from any obligations under this Regulatory Agreement.

27. Authority Approvals and Actions. The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, grant extensions of time, approve amendments to this Regulatory Agreement and execute documents on behalf of the Authority (to the extent not provided otherwise in this Regulatory Agreement), including, without limitation, any documents necessary to implement any changes in the number or affordability of the Qualifying Units, as may be required by TCAC, so long as such actions do not reduce the length of affordability of the Qualifying Units or add to the costs incurred or to be incurred by the Authority as specified herein. The Executive Director reserves the right, in his or her sole and absolute discretion, to submit any requested modification, interpretation, amendment or waiver to the Authority Board if the Executive Director determines or believes that such action could increase the risk, liability or costs to the Authority, or reduce the length of affordability of the Project.

IN WITNESS WHEREOF, the Owner and the Authority have caused this Regulatory Agreement to be signed, acknowledged and attested on their behalf by duly authorized representatives in counterpart original copies which shall upon execution by all of the parties be deemed to be one original document.

[Signatures on following pages]

AUTHORITY SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Mission Blvd and Park Ave**)**

AUTHORITY:

POMONA HOUSING AUTHORITY
in its capacity as Pomona Housing Successor Agency

By:_____ Date: _____

_____
Executive Director

ATTEST:

_____
Authority Secretary

OWNER SIGNATURE PAGE
TO
REGULATORY AGREEMENT
(Mission Blvd and Park Ave**)**

OWNER:

_____ LP, a California limited partnership

By:

ATTACHMENT NO. 1
TO
REGULATORY AGREEMENT
(Mission Blvd and Park Ave)

Property Legal Description

[to be inserted]

ATTACHMENT NO. 2
TO
REGULATORY AGREEMENT
(Mission Blvd and Park Ave)

Certification of Tenant Eligibility

NOTE TO PROPERTY OWNER: This form is designed to assist you in computing Annual Income.

Re: Mission Blvd and Park Ave, Pomona, California

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the property listed above. Listed below are the names of all persons who intend to reside in the unit:

1.	**2.**	**3.**	**4.**	**5.**
Names of Members of Household	**Relationship to Head of Household**	**Age**	**Social Security Number**	**Place of Employment**
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

6. Head of Household (check one):
Mother: ____
Father: ____
Other: _____ (specify relationship – i.e. legal guardian, sister, brother, etc.)

Income Computation

7. The total anticipated income, calculated in accordance with the provisions of this Section 7, of all persons over the age of 18 years listed above for the 12-month period beginning the date that I/we plan to move into a unit is $ _____.

Included in the total anticipated income listed above are:

(a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;

(b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(c) interest and dividends (including income from assets excluded below);

(d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of period receipts, including any lump sum payment for the delayed start of a periodic payment;

(e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;

(g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

(a) casual, sporadic or irregular gifts;

(b) amounts which are specifically for or in reimbursement of medical expenses;

(c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarship paid directly to the student of the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, book and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes, are to be included in income;

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title 11 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act.

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) the first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

8. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)? ___ Yes ____ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? ___Yes ___No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than $5,000? ___Yes ___No

(d) If the answer to (c) is yes, state:

(i) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: $_____; and

(ii) the amount of such income, if any, that was included in item 6 above: $_____

9.

(a) Are all of the individuals who propose to reside in the unit full-time students*? ____Yes ____No

*A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least one of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? ____Yes ____No

10. Neither myself nor any other occupant of the unit I/we propose to rent is the Owner of the property in which the unit is located (hereinafter the "Owner"), has any family relationship to the Owner or owns, directly or indirectly, any interest in the Ownership. For purposes of this section, indirect Ownership by an individual shall mean the Ownership by a family member, the Ownership by a corporation, partnership, estate or trust in proportion to the Ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member, and the Ownership, direct or indirect, by a partner of the individual.

11. This certificate is made with the knowledge that it will be relied upon by the Owner to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and, based upon information I/we deem reliable and that the statement of total anticipated income contained in Section 7 is reasonable and based upon such investigation as the undersigned deemed necessary.

12. I/we will assist the Owner in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

13. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the units and will entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for eviction or other appropriate proceedings.

14. Housing Issuer Statistical Information (Optional--will be used for reporting purposes only):

Marital Status: _____

Race (Head of Household)

White _____ Asian _____ Hispanic _____

African-American _____ Native American _____ Other _____

Physical Disability: Yes _____ No _____

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of_____, ____ in the County of Los Angeles, California.

_____

Applicant

_____

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY PROPERTY THE OWNER ONLY:

1. Calculation of eligible income:

(a) Enter amount entered for entire household in 6 above: $_____

(b) (1) If answer to 7(c) above is yes, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance ($_____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings ($_____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance

(3) Enter at right the greater of the amount calculated under (1) or (2) above: $_____;

(c) TOTAL ELIGIBLE INCOME

(Line l(a) plus line 1(b)(3): $_____

2. The amount entered in l(c):

_____ Qualifies the applicant(s) as a Qualified Household.

_____ Does not qualify the applicant(s) as Qualified Household.

3. Apartment unit assigned:

Bedroom Size: _____ Rent: $_____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, qualified them as a Qualified Household.

5. Method used to verify applicant(s) income:

_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

_____

Manager

EXHIBIT H
ATTACHMENT NO. 2

The undersigned employee has applied for a rental unit located in a project financed in part by the City of Pomona for persons of very low income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____ Overtime _____ Bonuses _____

Commissions _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

_____ _____ _____

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment at **[_____]**.

_____ _____

Signature Date

Please send to: _____

_____

_____

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

_____ _____

Signature Date

ATTACHMENT NO. 3
TO
REGULATORY AGREEMENT
(Mission Blvd and Park Ave)

Certificate of Continuing Program Compliance
For Annual Reporting Period Ending

The undersigned, _____, as the authorized representative of _____ LP, a California limited partnership ("Owner"), has read and is thoroughly familiar with the provisions of the various documents associated with the financial assistance provided by the Pomona Housing Authority ("Authority"), as established in numerous documents including the Regulatory Agreement, dated as of _____, 20__, between the Owner and the Authority.

As of the date of this Certificate, the following percentage of residential units in the Project are (i) occupied by Qualified Households (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Household vacated such unit, as indicated:

Number of Units occupied by Qualified Households: _____

Number of Vacant Units: _____

Number of Qualified Households who commenced

occupancy during the preceding reporting period: _____

Attached is a separate sheet ("Occupancy Summary") listing, among other items, the appropriate information for each residential unit in the Project, the occupants of each unit and the rent paid for each unit. The information contained thereon is true and accurate and reasonable and is based on information submitted to the Owner and is certified under penalty of perjury by each tenant.

[Signatures on following page]

The undersigned hereby certifies that (1) a review of the activities of the Owner during such reporting period and of the Owner's performance under the Regulatory Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Owner is not in default under any of the terms and provisions of the above documents.

Dated:_____

OWNER

_____ LP, a California limited partnership

By: _____
Name:_____
Its: _____

OCCUPANCY SUMMARY

Total Number of Units in the Project: _____

Total Units occupied by Qualified Households: _____

Total Units available for rent to Qualified Households: _____

ATTACHED IS THE FOLLOWING INFORMATION:

A. Resident and rental information on each occupied apartment in the complex.

B. Certification of Tenant Eligibility for all Qualified Households who have moved into _____, Pomona, California, since the filing of the last Occupancy Summary. The same are true and correct to the best of the undersigned's knowledge and belief.

Dated:_____

OWNER:

_____ LP, a California limited partnership

By: _____
Name: _____
Its: _____

EXHIBIT I
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Deed of Trust

[Attached Behind This Page]

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Pomona Housing Authority
505 South Garey Avenue
Pomona, California 91766
Attn: Deputy City Manager

APN: 8341-010-916

SPACE ABOVE FOR RECORDER'S USE ONLY
EXEMPT FROM RECORDING FEE PER
GOVERNMENT CODE §27383

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)
(Mission Blvd and Park Ave)

This Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) ("**Deed of Trust**") is dated as of _____, 20__, by _____ LP, a California limited partnership, whose address is _____ ("**Trustor**"), to _____ TITLE COMPANY, a California corporation ("**Trustee**"), for the benefit of the POMONA HOUSING AUTHORITY, in its capacity as Pomona Housing Successor Agency, whose address is 505 South Garey Avenue, Pomona, California 91766 ("**Beneficiary**"), and is executed to secure that certain Promissory Note of even date herewith, in the principal amounts of Three Million Four Hundred Thousand Dollars ($3,400,000.00), executed by Trustor in favor of Beneficiary the provisions of which are incorporated in the Deed of Trust by this reference.

This Deed of Trust is made with respect to that certain Affordable Housing Disposition and Development Agreement (Mission Blvd and Park Ave), dated February 3, 2020, for reference purposes only, between the Trustor's predecessor-in-interest and the Beneficiary (the "**Affordable Housing Agreement**").

Trustor hereby IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, the following property ("**Trust Estate**"):

(a) All of that certain real property in the City of Pomona, County of Los Angeles, State of California, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof ("**Subject Property**");

(b) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property ("**Improvements**");

(c) All tenements, hereditament, appurtenances, privileges, franchises and other rights and interests now or in the future benefitting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights

("**Appurtenances**"). (Appurtenances, together with the Subject Property and the Improvements, are hereafter collectively referred to as the "**Real Property**");

(d) Subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management operation, leasing or occupancy of the Trust Estate, including those past due and unpaid ("**Rents**");

(e) All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code ("**UCC**"), whether existing now or in the future) located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property ("**Goods**," and together with the Real Property, collectively the "**Property**"); and

(f) All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other

rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (collectively, "**Intangibles**").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "**Personal Property**"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following: (a) payment of that certain Promissory Note dated on or about the same date hereof, in the original principal amount of Three Million Four Hundred Thousand Dollars ($3,400,000) (the "**Note**"); and (b) due, prompt and complete observance, performance and discharge of each and every monetary and non-monetary condition, obligation, covenant and agreement contained herein or contained in the Affordable Housing Agreement. The Affordable Housing Agreement, that certain Regulatory Agreement (Mission Blvd and Park Ave) dated on or about the same date hereof, between the Trustor and the Beneficiary ("**Regulatory Agreement**") and the Note (collectively, "**Secured Obligations**") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof, however evidenced.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall perform its obligations as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, subject to the rights of any senior lenders, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable. This Deed of Trust shall cover, and the property subject hereto shall include, all property now or hereafter affixed or attached to or incorporated upon the Subject Property in, to or under which Trustor now has or hereafter acquires any right, title or interest, which, to the fullest extent permitted by law, shall be deemed fixtures and a part of the Subject Property. To the extent any of the property subject to this Deed of Trust consists of rights in action or personal property covered by the UCC, this Deed of Trust shall also constitute a security agreement, and Trustor hereby grants to Beneficiary, as secured party, a security interest in such property, including all proceeds thereof, for the purpose of securing the Secured Obligations. In addition, for the purpose of securing the Secured Obligations, Trustor hereby grants to Beneficiary, as secured party, a security interest in all of the property described herein in, to, or under which Trustor now has or hereafter acquires any right, title or interest, whether present, future or contingent,

including, but not limited to, all equipment, inventory, accounts, general intangibles, instruments, documents and chattel paper, as those terms are defined in the UCC, and all other personal property of any kind (including, without limitation, money and rights to the payment of money), whether now existing or hereafter created, that are now or at any time hereafter (i) in the possession or control of Beneficiary in any capacity; (ii) erected upon, attached to or appurtenant to the Subject Property; (iii) located or used on the Subject Property or identified for use on the Subject Property (whether stored on the Subject Property or elsewhere); or (iv) used in connection with, arising from, related to, or associated with the Subject Property or any of the personal property described herein, the construction of any improvements on the Subject Property, the ownership, development, maintenance, management or operation of the Subject Property, the use or enjoyment of the Subject Property or the operation of any business conducted thereon, including, without limitation, all such property described as the Trust Estate hereinabove. The security interests granted in this Paragraph 3 are hereinafter severally and collectively called the "Security Interest". The Security Interest shall be self-operative with respect to the real property described herein but Trustor shall execute and deliver on demand such additional security agreements, financing statements and other instruments as may be requested in order to impose the Security Interest more specifically upon the real and personal property encumbered hereby. The Security Interest, at all times, shall be prior to any other interest in the personal property encumbered hereby. Trustor shall act and perform as necessary and shall execute and file all security agreements, financing statements, continuation statements and other documents requested by Beneficiary to establish, maintain and continue the perfected Security Interest. Trustor, on demand, shall promptly pay all costs and expenses of filing and recordation, to ensure the continued priority of the Security Interest. Trustor shall not sell, transfer, assign or otherwise dispose of any personal property encumbered hereby without obtaining the prior written consent of Beneficiary, except that the Trustor may, in the ordinary course of business, replace personal property or dispose of personal property that will not be replaced because of its obsolescence. Unless Beneficiary then agrees otherwise in writing, all proceeds from any permitted sale or disposition in excess of that required for full replacement shall be paid to Beneficiary to be applied on the Note subject to the rights of any senior lenders. Although proceeds of personal property are covered hereby, this shall not be construed to mean that Beneficiary consents to any sale of such personal property. Upon its recordation in the real property records of Los Angeles County, this Deed of Trust shall be effective as a financing statement filed as a fixture filing. In addition, a carbon, photostatic or other reproduced copy of this Deed of Trust and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement;

4. Subject to the rights of any senior lenders, that all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Secured Obligations;

5. Subject to the rights of any senior lenders, that upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court

having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the improvements hereafter erected on the property insured against loss by fire and such other hazards, casualties, and contingencies as may be required by applicable provisions of the Secured Obligations, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies, if requested, shall be deposited with the Beneficiary;

7. To pay before delinquency any taxes and assessments affecting said Property; to pay, when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Paragraph 7;

8. As it is provided more specifically in the Secured Obligations, to keep said property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings hereafter erected thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law and/or covenants, conditions and/or restrictions affecting said property; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon said property without the consent of the Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, subject to the rights of any senior lenders, Beneficiary or Trustee, being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be

prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees;

11. Beneficiary shall have the right to pay all insurance premiums required by the Secured Obligations when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the sums secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure, at the highest rate of interest permitted by law;

13. That the funds to be advanced hereunder are to be used in accordance with applicable provisions of the Secured Obligations; upon the failure of Trustor to do so, after the giving of notice and the expiration of any applicable cure period, Trustor shall be in default hereunder;

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as authorized by Beneficiary and/or as provided in the Secured Obligations and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond in the amount required by law to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all improvements made or about to be made upon the premises covered by this Deed of Trust and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

16. Trustor confirms that if Trustor should sell, enter into a contract of sale, convey, or in any way transfer all or any interest of Trustor in the Real Property encumbered by this Deed of Trust or suffer Trustor's title or any interest therein to be divested, whether voluntarily or involuntarily, unless the same is a Permitted Transfer as defined in the Affordable Housing Agreement, without the prior written consent of the Beneficiary being first obtained, then subject to the rights of any senior lenders, Beneficiary shall have the right, at Beneficiary's sole option, to declare all sums payable under the Note secured hereby immediately due and payable in full, irrespective of the maturity date otherwise specified in the Note. No waiver of this right shall be

effective unless in writing and signed by the Beneficiary. Consent by the Beneficiary to any one such transaction shall not be deemed a waiver of the right to require such consent to future or successive transactions. Further, upon default under one of the Secured Obligations, and after the giving of notice and the expiration of any applicable cure period provided therein, subject to the rights of any senior lenders, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be immediately due and payable in full, irrespective of the maturity date otherwise specified in the Note;

17. As provided more specifically in the Secured Obligations, should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, subject to the rights of any senior lenders, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage subject to the rights of any senior lenders. All such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary subject to the rights of any senior lenders;

18. Notwithstanding Sections 16 and 17, in the event that a portion of the Property is taken for a public improvement or pursuant to a condemnation proceeding and the Qualifying Units (as defined in the Regulatory Agreement) remain intact and continue to be owned and operated by Trustor in conformance with the Affordable Housing Agreement and the Regulatory Agreement, Beneficiary shall not declare all sums due and payable under the Note, nor shall the Beneficiary be entitled to any compensation, awards and other payments therefor, provided that such compensation, awards and other payments are used for (1) paying principal and interest owed on the Permanent Loan (as defined in the Affordable Housing Agreement), (2) making improvements to the Property that are approved by Beneficiary, in its reasonable discretion, (3) payment of principal owing under the Note, or (4) another purpose required by any senior lenders. Subject to the rights of any senor lenders, in the event that Trustor receives such compensation, awards or other payments and fails to expend the funds in conformance with any of subsections (1), (2), (3), or (4) of this section within thirty (30) days of receipt of such funds, Trustor shall be in default under this Deed of Trust.

19. Upon default by Trustor in taking any action or in making any payments provided for herein, or in the Secured Obligations, if Trustor shall fail to perform any covenant or agreement in this Deed of Trust within thirty (30) days after written demand therefor by Beneficiary (or, in the event that more than thirty (30) days is reasonably required to cure such default, should Trustor fail to promptly commence such cure within such thirty (30) days, and diligently prosecute same to completion), after the giving of notice and the expiration of any applicable cure period and subject to the rights of any senior lenders, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary

may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby;

20. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, subject to the rights of any senior lenders, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum rate allowed by law; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future successor in interest to Beneficiary. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. 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;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the address set forth in the Deed of Trust;

28. Trustor agrees at any time and from time to time, within a reasonable time after receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary;

29. Trustor agrees that the obligations secured by this Deed of Trust are made expressly for the purpose of acquiring the Property, completing the construction work necessary to construct a new 57- unit affordable housing development on the Property, as is more specifically provided in the Secured Obligations;

30. As is provided more specifically in the Secured Obligations, the obligations of Trustor thereunder are nonrecourse obligations of the Trustor. The sole recourse of Beneficiary shall be the exercise of its rights against the Property;

31. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of the Authority or any other public or governmental agency or entity (except that any act or failure to act of Beneficiary shall not excuse performance by Beneficiary unless such act or failure to act is allowed or required by law); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause (a "**Force Majeure Delay**") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to

run only thirty (30) days prior to the giving of such notice. Times of performance under this Deed of Trust may also be extended in writing by the Beneficiary and Trustor;

32. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations;

33. (a) Subject to the extensions of time set forth in Paragraph 31, and subject to the further provisions of this Paragraph 33, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust;

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default;

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies;

(d) If an event of default occurs under the terms of this Deed of Trust, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a reasonable period of time after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under this Deed of Trust. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within thirty (30) days after the notice of default is first given;

(e) If an event of default occurs under the terms of the Secured Obligations, prior to exercising any remedies hereunder or thereunder, Beneficiary shall give Trustor notice of such default. As is provided more specifically in the Secured Obligations, if the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by the Beneficiary under the Secured Obligations, or this Deed of Trust. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

34. This Deed of Trust shall be subject and subordinate to the terms of that certain extended use agreement executed by the Trustor in connection with the Trustor's allocation of

low-income housing tax credits under Section 42 of the Code (the "**Extended Use Agreement**"). If Beneficiary or its successors or assigns (collectively, the "**Subsequent Owner**") acquires the Property by foreclosure (or instrument in lieu of foreclosure), then the "extended use period" (as defined in Section 42(h)(6)(D) of the Internal Revenue Code) shall terminate, except for the obligation of the Subsequent Owner to comply with the limitations on evictions, termination of tenancy and increase in rents for the three year period following the Subsequent Owner's acquisition of the Property, as set forth in Section 42(h)(6)(E)(ii) of the Internal Revenue Code. As provided in the Affordable Housing Agreement, upon request when appropriate, Beneficiary shall execute such documentation as is necessary to subordinate this Deed of Trust to a Senior Loan.

[**Signatures on Following Page**]

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

TRUSTOR:

_____, a California limited partnership

By:

[SIGNATURES MUST BE NOTARY ACKNOWLEDGED]

EXHIBIT A TO
DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)
(Mission Blvd and Park Ave)

Legal Description of Subject Property

[to be inserted]

EXHIBIT J
TO
AFFORDABLE HOUSING DISPOSITION AND DEVELOPMENT AGREEMENT
(Mission Blvd and Park Ave)

Form of Promissory Note

[Attached Behind This Page]

PROMISSORY NOTE SECURED BY DEED OF TRUST
(Mission Blvd and Park Ave)

Principal Amount: $3,400,000

Date of Note: _____, 20__

Maker: _____ LP, a California limited partnership

Lender: CITY OF POMONA, a municipal corporation

Maturity Date: Fifty-five (55) years from the date on which the Construction Financing converts to the Permanent Loan

Interest Rate: Three Percent (3%)

1. Land Loan.

FOR VALUE RECEIVED, the undersigned _____ LP, a California limited partnership ("**Maker"),** with its principal place of business located at _____, promises to pay to the POMONA HOUSING AUTHORITY, in its capacity as Pomona Housing Successor Agency (the "**Authority**" or "**Holder**") at 505 South Garey Avenue, Pomona, California 91766, or such place as the Holder may, from time to time, designate by written notice to the Maker, the principal sum of THREE MILLION FOUR HUNDRED THOUSAND DOLLARS ($3,400,000), (the "**Land Loan**"), together with any accrued interest, if applicable, as set forth in this Note. This Promissory **Note** (the "**Note**") is made and given pursuant to that certain Affordable Housing Disposition and Development Agreement between the Authority and Maker's predecessor-in-interest, dated February 3, 2020 (the "**Affordable Housing Agreement**"). The Affordable Housing Agreement is incorporated herein by this reference. All initially capitalized terms used but not defined herein shall have the meanings given to them in the Affordable Housing Agreement. The Land Loan is made for the conveyance of the Property by Authority to Maker in accordance with the terms and conditions of the Affordable Housing Agreement.

2. Term of Loan and Right of Prepayment.

a. Maturity Date. All accrued interest, if any, and principal shall be due and payable in full without any further demand or notice fifty-five (55) years from the date the Construction Financing converts to a Permanent Loan ("**Maturity Date**").

b. Prepayment. This Note may be prepaid in whole or in part at any time and from time to time without penalty or premium.

3. Security for Note.

This Note is secured by a Deed of Trust executed by Maker which creates a lien on that certain real property as described therein and in the Affordable Housing Agreement.

4. Interest Calculation.

The principal outstanding under this Note shall accrue simple interest at the rate of three percent (3%) per annum, except in the case of Default as set forth in Section 9 of this Note. Principal and interest shall be payable in lawful money of the United States of America. If applicable, interest shall be computed based on an actual day year and the actual number of days elapsed. Interest shall commence on amounts disbursed hereunder from the date of disbursement.

5. Annual Payment.

Following completion of the Project as evidenced by the issuance by the Authority of a Certificate of Completion as set forth in the Affordable Housing Agreement, and continuing each year thereafter until the Maturity Date, a portion of the Residual Receipts (as defined below) from the Project shall be paid to Holder and applied to pay down the amounts due and owing under this Note. The payments described below shall be paid to Holder no later than April 1 each year, with the first payment due on the April 1 following the issuance of a Certificate of Occupancy for the Project, and continuing each year thereafter.

a. Annual Payments from Residual Receipts. Maker shall make repayments of the outstanding principal and accrued interest, if any, equal to the City's Land Percentage of Fifty Percent (50%) of the Residual Receipts from the Project as repayment of amounts due and owing under this Note. For the purposes of this Note, "**City's Land Percentage**" means the percentage calculated by dividing (1) the original principal amount of the Land Loan by (2) the sum of Total Assistance from all other government entities obtained by the Borrower, any portion of which is a loan to be repaid utilizing Residual Receipts. "**Total Assistance**" means the original principal amounts of loans and grants made by government entities, including the City.

Such annual payments shall be accompanied by the Maker's report of Residual Receipts. The Maker shall provide the Holder with the audited financial statement provided for in Section 6, and any other documentation reasonably requested by Holder to substantiate the Maker's determination of Residual Receipts.

All payments made hereunder shall be credited first to any accrued but unpaid interest (if applicable), then to current interest due and owing and lastly to principal. Interest not paid current each year shall be added to and thereafter be considered additional principal due hereunder.

Notwithstanding the foregoing, the entire outstanding balance of principal and any interest owing under this Note shall be due and payable in full on the Maturity Date.

Prior to any sale of all or any portion of the Project, or Refinancing of all or any portion of the outstanding debt from the Project, and so long as there is any outstanding amount due and owing under this Note, Maker shall notify Holder of any such proposed or intended sale or Refinancing. In such event, Maker and Holder shall meet and confer, and shall use good faith efforts, to determine the reasonable commercial feasibility of the payoff or restructuring of the

remaining balance owing under this Note as part of any such sale or Refinancing to provide for repayment of this Note sooner than the fifty-five (55) year repayment period.

b. Definition of Residual Receipts. For the purposes of this Note, "**Residual Receipts**" shall mean the sum of money computed as follows:

(i) (i) All rents, revenues, consideration or income (of any form) received by Maker in connection with or relating to the ownership or operation of the Project, including fifty percent (50%) of any net revenue derived from any refinancing of the Project and any revenue from contributions, loans or grants which is not required to meet future Project obligations (but excluding tenants' security deposits, partner capital contributions and similar advances) ("**Gross Revenue**") less all of the following: all customary and reasonable costs (i.e., mandatory (hard) mortgage payments) and expenses reasonably and actually incurred in connection with the operation and maintenance of the Project, including but not limited to premiums for property and liability insurance; utility services not paid directly by tenants; maintenance and repair; security services and payments for social/supportive services; any adjuster payments to the investor limited partner required under Maker's partnership agreement; payment of principal or interest on any indebtedness of Maker to any affiliate of Maker (individual or entity) or partner of Maker to repay completion and operating deficit loans relating to the Project; asset management fee payable to the limited partner of Maker in an amount not to exceed five thousand dollars ($5,000), increased annually by CPI (defined below); partnership management fee payable to Maker, not to exceed ten thousand dollars ($10,000), increased annually by CPI (defined below); reasonable property management fees not to exceed the lesser of six percent (6%) of gross revenue or $65 per unit per month, increasing annually by CPI (as defined below); deferred developer fee in an amount approved as part of the Project Budget (as defined in the Affordable Housing Agreement); amounts (approved by Holder) expended to restore the Project after a casualty loss or condemnation; reasonable and customary cost for accounting and auditing the books and records of the Project; taxes; franchise tax filing fees; and any other reserves reasonably required by the investors or the lenders approved by the City for the Project (collectively "**Operating Expenses**").

(ii) (ii) Notwithstanding the generality of the foregoing, the following items are not expenses or deductible in computing Residual Receipts:

(A) Depreciation, cost recovery, amortization and similar items which do not involve the expenditure of cash.

(iii) For purposes of this Note, "CPI" shall mean the Consumer Price Index--Urban Consumers (Los Angeles-Anaheim-Riverside CA, area; Base 1982-8 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics or any successor index or agency reasonably acceptable to the parties.

6. Audited Financial Statement.

Maker shall annually provide Holder with an audited financial statement documenting the calculation of Residual Receipts for the previous calendar year ending December 31. The

audited financial statement shall be provided on or before April 1, together with payment of the Residual Receipts payment due to Holder. Holder shall have the right to inspect and audit Maker's books and records concerning the calculation of the Residual Receipts Payment and to object within ninety (90) days from receipt of Maker's statement. Failure to timely object shall be deemed acceptance. If Holder does object, Holder shall specify the reasons for disapproval. Maker shall have thirty (30) days to reconcile any disapproved item. If Maker and Holder cannot agree on the amount of the Residual Receipts payment, an independent auditor mutually selected by Maker and Holder shall resolve any disputed items. If said independent auditor determines that Maker's proposed payment would have resulted in an underpayment to Holder greater than two and one-half percent (2.5%) for the applicable period, then Maker shall immediately pay to Holder the cost of such independent auditor; otherwise, the cost of such independent auditor shall be paid by Holder.

7. Annual Budget.

Maker shall prepare and submit to Holder a proposed annual operating budget for the management and operation of the Project ("**Annual Budget**") no later than 60 days preceding the effective year of such budget. The Annual Budget shall include the projected Gross Revenue and Operating Expenses for the year and a line item showing the projected Residual Receipts from the Project for the year. Holder will review the Annual Budget and, if reasonably acceptable, approve it, which approval shall not be unreasonably withheld. If the Annual Budget is not reasonably acceptable, Holder shall specify the reasons for disapproval. The intent of this section is to provide Holder an opportunity to disapprove any unreasonable expenses which would diminish the Residual Receipts from the Project. Once approved, any changes to the Annual Budget which exceed ten percent (10%) of the total Annual Budget shall require Holder's prior written consent, which consent shall not be unreasonably withheld.

8. Acceleration Upon Certain Events or Upon Default.

In the event of any Default under the terms of this **Note**, the Affordable Housing Agreement or the Regulatory Agreement, the Deed of Trust which is the security for this Note, or under any Senior loans, notes or deeds of trust, at the option of the Holder and after notice to the Maker, providing Maker with thirty (30) days in which to cure any Default, and such Default not having been cured within thirty (30) days (or if a greater amount of time is reasonably necessary to effect a cure, if actions to cure such Default are not undertaken within said thirty (30) day period and pursued with reasonable diligence thereafter), all principal and interest due under this **Note** shall immediately become due and payable, upon thirty (30) day written notice from the Holder to the Maker. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent Default.

Should the undersigned Maker agree to or sell, convey, transfer, or dispose of the real property described in the Deed of Trust securing this **Note** or any part thereof or interest therein, without first obtaining the prior written consent of the Holder (except for a Permitted Transfer, as defined in the Affordable Housing Agreement), then, at the option of the Holder, all principal and interest due hereunder shall immediately become due and payable upon thirty (30) days written notice from the Holder to the Maker. Consent to one transaction of this type will not constitute a waiver of the right to require consent to future or successive transactions.

Notwithstanding the generality of the foregoing, certain transfers permitted under the Affordable Housing Agreement shall not constitute a Default hereunder or under the Affordable Housing Agreement, and any such action shall not accelerate the maturity of this Promissory **Note**, provided that any transfer is either a Permitted Transfer as defined in the Affordable Housing Agreement or is reasonably acceptable to the Authority with reasonable promptness, and any transferee under such a transfer agrees to be bound by any and all instruments in favor of the Authority.

9. Interest on Default.

From and after a Default, the entire outstanding principal balance of this Note shall automatically bear an annual interest rate equal to the lesser of: (a) eight percent (8%) compounding annually; or (b) the maximum interest rate allowed by law.

10. Costs Paid by Maker.

Maker agrees to pay the following costs, expenses and attorneys' fees paid or incurred by the Holder of this Note, or as adjudged by a court of competent jurisdiction: (a) reasonable costs of collection, costs and expenses and attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed; and (b) costs of suit in such sum as the court may adjudge reasonable as attorneys' fees in any action to enforce payment of this instrument.

11. Waiver.

Maker hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this instrument, and expressly agrees that, without in any way affecting the liability of Maker hereunder, the Holder hereof may extend the Maturity Date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder or release any security now or hereafter securing this Note. Maker hereby waives, to the fullest extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this instrument or any deed of trust, security agreement, guarantee or other agreement now or hereafter securing this Note.

12. Indemnification.

Maker shall indemnify, defend, protect and hold the Authority harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys fees and expenses incurred by the Holder hereof, arising as a result of any (i) fraud or material misrepresentation (meaning a misrepresentation that impacts the consideration that the Authority receives under the agreements, or served as a material basis for the Authority entering into the agreements) by the Maker under or in connection with the Affordable Housing Agreement or related agreements; (ii) intentional bad faith waste of the real property encumbered by the deed of trust which secures this Note; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this Note and the Affordable Housing Agreement.

13. Nonrecourse.

This Note is a nonrecourse obligation of Maker and the Holder must resort only to the Project or the Property, or both, for repayment should the Maker fail to repay the sums evidenced hereby. Neither Maker nor any of its general and limited partner shall have any personal liability for repayment of the Land Loan and no deficiency judgment may be obtained against Maker or any of its general and limited partners except as provided below. Notwithstanding the generality of the foregoing, Maker shall indemnify, defend, protect and hold Holder harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys' fees and expenses incurred by the Holder to the extent arising as a result of any (i) fraud or material misrepresentation (meaning a misrepresentation that impacts the consideration that the Authority receives under the agreements, or served as a material basis for the Authority entering into the agreements) by the Maker under or in connection with the Affordable Housing Agreement or any other agreements or documents provided in connection therewith; (ii) intentional bad faith waste of the Property encumbered by the deed of trust which secures this **Note**; and (iii) losses resulting from Maker's failure to maintain insurance as required under the provisions of the deed of trust securing this **Note**. Maker's obligation to indemnify the Holder hereof as aforesaid shall be recourse obligations of the Maker, and on the occurrence of any of the foregoing event, the Holder shall have the right to proceed directly against the Maker to recover any and all losses, damages, liability, costs and expenses (including without limitation, reasonable attorneys' fees and expenses) and may bring any action and institute any proceeding to obtain a deficiency judgment in or following foreclosure for any and all such losses, damages, liabilities, costs and expenses resulting from such occurrence.

14. Severability.

If any provision of this Note is determined by a court of competent jurisdiction to be void or unenforceable, such determination shall not affect any other provision of this instrument, and all other provisions hereof shall remain valid and in full force and effect.

15. Non-Waiver.

No delay in demanding or failure to demand performance hereunder shall constitute a waiver by the Holder hereof of its right to subsequently demand such performance or to exercise any remedies for any Default hereunder. Further, in order to be effective, any waiver of any of the Holder's rights and remedies hereunder shall be expressed in a writing signed by a duly appointed representative of the Holder hereof. Further, waiver by the Holder hereof of any right hereunder shall not constitute a waiver of any other right, including, but not limited to, the right to exercise any and all remedies for a different or subsequent event of Default hereunder.

[Signatures on Following Page]

SIGNATURE PAGE TO
PROMISSORY NOTE SECURED BY DEED OF TRUST
(Mission Blvd and Park Ave)

MAKER:

_____ LP, a California limited partnership

By: