

Office of the City Engineer

Los Angeles, California

To The Honorable Council

Of the City of Los Angeles

Honorable Members:

C. D. No. 9

SUBJECT:

SEP 24 2009

Final Map of Tract No. 70091

RECOMMENDATIONS:

Approve the final map of Tract No. 70091 located at 101 W. 5<sup>th</sup> street northerly of 5<sup>th</sup> Street of and westerly of Main Street and accompanying Subdivision Improvement Agreement and Contract with attached security documents.

FISCAL IMPACT STATEMENT

The Subdivider has paid a fee of \$10,900.00 for the processing of this final tract map pursuant to Section 19.02(A)(2) of the Municipal Code. No additional City Funds are needed.

TRANSMITTALS:

1. Map of Tract No. 70091.
2. Unnumbered file for Tract No. 70091.
3. Subdivision Improvement Agreement and Contract with attached security documents.

DISCUSSION:

The tentative map of Tract No. 70091 was conditionally approved by the Advisory Agency on May 15, 2008 for a 5-lot commercial and residential airspace subdivision project.

The Advisory Agency has determined that this project will not have a significant effect on the environment.

SEP 24 2009  
CITY OF LOS ANGELES  
OFFICE OF THE CITY ENGINEER  
RECEIVED

The conditions of approval for the tract map have been fulfilled. Transmitted Subdivision Improvement Agreement and Contract with attached security documents guarantees construction of the required improvements. Upon approval by the Council, the final map will be transmitted to the County Engineer for filing with the County Recorder.

The expiration date of the tentative map approval is May 15, 2011.

The subdivider and surveyor for this subdivision are:

Subdivider

Surveyor

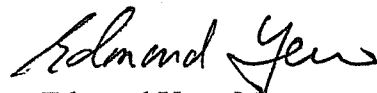
Rosslyn Lofts Housing Partners, LP  
2878 Camino Del Rio South, Suite 240  
San Diego, CA 92108

So. Cal. Land Surveyors  
P.O. Box 1616  
Simi Valley, CA 93062

Report prepared by:

Respectfully submitted,

Land Development Group



Joseph Gnade  
Civil Engineer  
Phone (213)977-8931

Edmond Yew, Manager  
Land Development Group  
Bureau of Engineering

EY/JG/WS  
H:/70091

**SUBDIVISION GUARANTEE**

Order Number: 2259-63902  
Liability: \$1,000.00  
Subdivision Map of Tract No.: 70091  
Consisting of 1 Sheet(s)

Guarantee Number: G-2631-17431  
Fee: \$500.00

**STEWART TITLE GUARANTY COMPANY**

a Texas Corporation

**GUARANTEES**

The County of Los Angeles and any City within which said subdivision is located in a sum not exceeding \$1,000.00

That, according to those public records which, under the recording laws, impart constructive notice of matters affecting the title to the land included within the exterior boundary shown on the map of the above referenced subdivision, the only parties having any record title interest in said land whose signatures are necessary, under the requirements of the Subdivision Map Act, on the certificates consenting to the recordation of said map and offering for dedication any streets, roads, avenues and other easements offered for dedication by said map are:

See Attached Schedule "A"

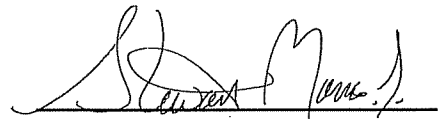

The map hereinbefore referred to is a subdivision of: See Attached Schedule "A"

Dated: August 28, 2009

Countersigned by:



Authorized Countersignature  
STEWART TITLE OF CALIFORNIA, INC.

  
Senior Chairman of the Board  
Chairman of the Board  
President

RECEIVED  
LAND DEVELOPMENT GROUP  
09 AUG 15 AM 9:55

### SUBDIVISION GUARANTEE

### SCHEDULE "A"

Parties:

1. The party whose signature will be necessary, under the requirements of the Subdivision Map Act on the certificates consenting to the recordation of the Final Map or Parcel Map of the Land and offering for dedication any streets, roads, avenues, and other easement offered by such map are:

The Rosslyn Lofts Housing Partners, L.P., a California limited partnership ✓

2. The signature of one of the parties named below will be required as Trustee or Beneficiary under Deed of Trust:

(a) California Statewide Communities Development Authority and Citigroup Financial Products Inc., a Delaware corporation, as Beneficiary or Stewart Title Guaranty Company, as Trustee, of the Deed of Trust recorded October 9, 2007 as File No. 2007-2298226 of Official Records;

The beneficial interest under said deed of trust was assigned to Wells Fargo Bank, National Association, as Trustee under that certain Trust Indenture dated as of September 1, 2007 recorded: October 9, 2007 as Instrument/File No. 2007-2298227 of Official Records

(b) The Community Redevelopment Agency of the City of Los Angeles, as Beneficiary or Stewart Title of California, Inc., as Trustee, of the Deed of Trust recorded October 9, 2007 as File No. 2007-2298231 of Official Records; and ✓

(c) The Community Redevelopment Agency of the City of Los Angeles, as Beneficiary or Stewart Title of California, Inc., as Trustee, of the Deed of Trust recorded October 9, 2007 as File No. 2007-2298233 of Official Records. ✓

3. The signatures of one of the parties named hereinafter as owner of the interest set forth may be omitted under the provisions of Section 66436, Subsection (a)(3)(a)(1-viii) of the Subdivision Map Act, their interest is such that it cannot ripen into a fee title and said signature is not required by the Local Agency:

None

4. The signature of the party named hereinafter will be required as Owner of the interest shown pursuant to the provisions of Section 66436 of the Subdivision Map Act:

None

5. It will be a requirement of the local agency in order to file the map named herein that arrangements be made for the bonding/payment of:

All taxes and bonds

6. The requirement that the Company be provided with two (2) prints of the Final Map named herein approved by the Local Agency, in order that the Company may issue its Guarantee for said tract when called for by the City and/or County.

The Tract hereinbefore referred to is a subdivision of lands described as:

That portion of Lot 1 in Block 9 of Ord's Survey, in the County of Los Angeles, State of California, as per Map recorded in Book 53, Page 66 et seq, of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the Southeast corner of said Lot, thence Westerly along the Southerly line of said Lot, 158.10 feet to the Southeasterly line of that certain 20 foot alley described in the deed recorded March 31, 1898 in Book 1230, Page 40 of Deeds, thence along said alley. North 37° 48' 15" East, 120 feet to the Northerly line of said Lot 1, thence Easterly along said Northerly line, 158.32 feet, more or less, to the most Easterly corner of said Lot, thence Southerly along the Easterly line of the same, 120 feet to the point of beginning.

Also the right to erect and maintain forever, a building or buildings over and above that portion of the alley adjoining the above described parcel immediately to the West, such building or buildings to be at least 18 feet high, as reserved by John H Jones and Carrie M Jones in the deed to the City of Los Angeles, recorded March 31, 1898 in Book 1230, Page 40 of Deeds.

APPROVED FOR THE  
CITY ENGINEER BY  
  
BOND CONTROL

ACCEPTED  
RISK MANAGEMENT  
CITY ADMINISTRATIVE OFFICE

CAO 080271  
12-23-08

City of Los Angeles  
DEPARTMENT OF PUBLIC WORKS  
SUBDIVISION IMPROVEMENT AGREEMENT AND CONTRACT

THIS AGREEMENT AND CONTRACT, made and entered into, by and between the CITY OF LOS ANGELES, hereinafter designated as the CITY; and THE ROSSLYN LOFTS HOUSING PARTNERS, L.P

hereinafter designated as SUBDIVIDER; WITNESSETH:

ONE: For, and in consideration of the approval of the final map of that certain division of land known as:

**TRACT NO. 70091**

and for acceptance of the dedication therein by the CITY, the SUBDIVIDER hereby agrees, at his own costs and expense, to construct and install all public improvements required in and adjoining and covered by the final map which are shown on plans, profiles and specifications, previously supplied to the City Engineer; and to furnish all equipment, labor and materials necessary to construct, install and complete the required improvements in a good and workmanlike manner. The estimated cost for completion of the above-mentioned work and improvement is the sum of **ONE HUNDRED EIGHT THOUSAND AND NO/100 Dollars (\$108,000.00)**.

TWO: It is agreed that the SUBDIVIDER has furnished to the City Engineer all necessary final plans, profiles and standard specifications for the required public improvements; or, that in lieu of such final plans, profiles and specifications, the City Engineer has been furnished preliminary plans that are of sufficient detail so as to be approved by the City Engineer for use in the preparation of the estimated cost of the required improvements. In consideration of the acceptance of such preliminary plans by the City Engineer, the SUBDIVIDER hereby agrees to furnish all necessary final plans, profiles and specifications in a form that will be sufficient to be processed and approved by the City Engineer not later than six (6) months from the date the final map of said subdivision of land is filed for record with the County Recorder, County of Los Angeles, State of California.

THREE: The SUBDIVIDER agrees to perform all of the above-mentioned work under permit or permits to be issued by the Board of Public Works, hereinafter designated as the BOARD. All work shall be performed in accordance with the standards and specifications of the BOARD, as amended, and to the approval of the City Engineer. The SUBDIVIDER further agrees to pay for such inspection of work and improvements as may be required by the BOARD, and the performance of the work shall be further conditioned upon due compliance with all of the provisions of Article 7 of Chapter 1, and Sections 62.105 through 62.117, inclusive, of the Los Angeles Municipal Code, as amended.

Continuation Sheet For:

## SUBDIVISION IMPROVEMENT AGREEMENT AND CONTRACT

FOUR: In the event said work is required to be performed under Class "B" Permit as defined in Section 62.106 of the Municipal Code, the SUBDIVIDER hereby agrees to obtain said permit from the City Engineer, including payment of all necessary fees as required under the provisions of Sections 62.110 and 62.111 of said Code, prior to certification of the final map by the City Engineer.

FIVE: If the planting of street trees is required under the conditions of approval established by the Advisory Agency, the SUBDIVIDER shall pay all necessary planting fees for each tree to be installed by the CITY; and shall pay all maintenance fees for each tree required to be planted, either by the CITY or by the SUBDIVIDER, in accordance with the maintenance fee schedule set forth in Section 62.176 of the Municipal Code. Said fees shall be paid to the Bureau of Street Maintenance of the DEPARTMENT OF PUBLIC WORKS or, if a Class "B" Permit is required, said fees shall be included in the permit fee deposit.

SIX: The SUBDIVIDER agrees to perform any changes or alterations required by the CITY in the construction and installation of the required improvements, provided that all such changes or alterations do not exceed ten (10) percent of the original estimated cost of such improvements; and the SUBDIVIDER further agrees; to install such devices for the abatement of erosion or flood hazard as may be required under the provisions of Section 61.02 of the Municipal Code; the costs of each of the above to be borne by the SUBDIVIDER.

SEVEN: The SUBDIVIDER expressly agrees to perform the above-mentioned work in a diligent and workmanlike manner so as to complete the construction and installation of all required public improvements on or before twenty-four (24) months from the date the final map is filed for record with the County Recorder, County of Los Angeles, State of California; or within any lawful extension of said term, or as otherwise provided by law. The SUBDIVIDER acknowledges that in the event any extension of term is granted, the City Engineer may impose additional conditions in accordance with Section 17.08G-3 of the Municipal Code.

EIGHT: The SUBDIVIDER agrees to warrant all work performed against any defective workmanship, or labor done, or defective materials furnished in the performance of the work required by this contract. The term of this warranty shall expire one year from the date of acceptance of the completed improvements by the City Engineer, all as required under Chapter 5 of Division 2 of Title 7 of the State of California Government Code, known as the "Subdivision Map Act," and as amended. The estimated amount sufficient for warranty is the sum of NONE.

NINE: The CITY shall not, nor shall any officer or employee thereof, be liable or responsible for any accident, loss or damage happening or occurring from or to the works specified in this contract prior to the completion and acceptance of the same by the City Engineer; nor shall the CITY, nor any officer or employee thereof, be liable for any persons or property injured by reason of the nature of said work, or by reason of the acts or omissions of the SUBDIVIDER, his agents or employees, in the performance of said work; but all of said liabilities shall be assumed by the SUBDIVIDER. The SUBDIVIDER further agrees to protect, defend and hold harmless the CITY and its officers and employees from all loss, liability or claim because of, or arising out of, the acts or omissions of the SUBDIVIDER, or his agents and employees, in the performance of this contract, or arising out of the use of any patent or patented article in the construction of said work.

Continuation Sheet For:

**SUBDIVISION IMPROVEMENT AGREEMENT AND CONTRACT**

TEN: It is agreed that the SUBDIVIDER has filed or deposited with the CITY a good and sufficient IMPROVEMENT SECURITY in accordance with the provisions of Section 17.08G of the Municipal Code of the CITY, in an amount equal to or greater than the estimated cost of construction and installation of the required improvements and an amount sufficient to act as warranty for said improvements as defined in Article Eight hereof, together with reasonable attorney's fees which may be incurred by the CITY in enforcing the terms and conditions of this contract. IN ADDITION TO the Improvement Security, it is further agreed that the SUBDIVIDER has filed or deposited a good and sufficient PAYMENT SECURITY for labor and materials in an amount not less than fifty (50) percent of the amount of the Improvement Security, to secure the claims to which reference is made in Title 15, commencing with Section 3082, of Part 4 of Division 3 of the Civil Code of the State of California. If the sureties or security on either said Improvement Security or Payment Security, or both, in the opinion of the CITY become insufficient, in any respect, the SUBDIVIDER hereby agrees to furnish sufficient additional security within ten (10) days after receiving notice from the CITY that said extant securities are insufficient.

ELEVEN: It is further understood and agreed, that in the event it is deemed necessary to extend the time for the performance of the work contemplated to be done under this contract, such extensions of time may be granted by the City Engineer or by the BOARD, or both, either at their own option or upon request of the SUBDIVIDER, and such extensions shall in no way affect the validity of this contract, the Subdivision Cash or Negotiable Security Improvement and Warranty Performance Agreement executed in connection herewith or release the Surety on any Surety Bond or Bonds. Such extensions of time may be conditioned upon a construction schedule to be specified by the City Engineer, and/or a revision of the Improvement Security based on revised estimated improvement costs, and/or revision of the plans, profiles and specifications used for the construction and installation of the required improvements to comply with the standards and specifications of the BOARD in effect at the time such extension of time is granted.

TWELVE: The SUBDIVIDER further agrees to maintain the aforesaid Improvement and Payment Security in full force and effect, during the term of this contract, including any extensions of time as may be granted thereto.

THIRTEEN: If the SUBDIVIDER neglects, refuses or fails to prosecute the required work with such diligence as to insure its completion within the time specified herein, or within such extension of said time as may have been granted by the City Engineer or by the BOARD, or both, or if the SUBDIVIDER neglects, refuses or fails to perform satisfactorily any of the provisions of the improvement construction permit, plans and profiles, or specifications, or any other act required under this agreement and contract, the BOARD may declare this agreement and contract in default.

Immediately upon a declaration of default, the Subdivider and Surety shall be liable to City for the cost of construction and installation of the public improvements and for costs and reasonable expense and fees, including reasonable attorneys' fees incurred in enforcing this Agreement and Contract.

A notice of default shall be mailed to the SUBDIVIDER and any Surety and the Board shall cause a demand to be made for payment of any negotiable securities held as Improvement Securities in connection with this Agreement and Contract.

Continuation Sheet For:

**SUBDIVISION IMPROVEMENT AGREEMENT AND CONTRACT**

In the event of such default, the SUBDIVIDER hereby grants to the CITY and/or the Surety upon any Surety Bond, the irrevocable permission to enter upon the lands of the subject division of land for the purpose of completing the required improvements. The CITY reserves the right if it elects to do the work to exclude the SUBDIVIDER from the site in order to complete the required work either by CITY forces or by separate contract.

IN WITNESS WHEREOF, this instrument has been duly executed by the above named SUBDIVIDER on 12-17- , 2008 .

THE ROSSLYN LOFTS HOUSING PARTNERS, L.P.

  
\_\_\_\_\_  
Ruben Islas  
\_\_\_\_\_  
\_\_\_\_\_

SEE INSTRUCTIONS FOR SIGNATURES AND ACKNOWLEDGMENTS ON "NOTICE TO CLASS B PERMIT AND BOND APPLICANTS" (FORM ENG. 3.693-REVISED)

District Design Office: **CENTRAL**

Council District No.:

Date Issued: **08/27/2008**

Location: **101 WEST 5TH STREET**

**General Acknowledgment**

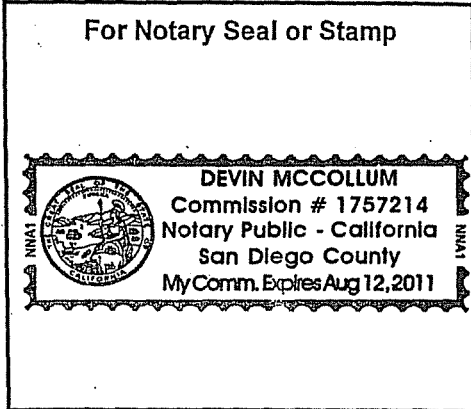
STATE OF CALIFORNIA }  
COUNTY OF LOS Angeles } SS.

On December 17<sup>th</sup>, 2008 before me  
Devin McCollum  
a Notary Public, personally appeared  
Ruben Islas

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 capacity(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.  
Signature [Signature]  
Signature of Notary



ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title of Type of Document City of Los Angeles, Dept. of Public works Subdivision Improvement Agreement and Contract  
Number of Pages 4 Date of Document 12-17-08  
Signer(s) Other Than Named Above None

City of Los Angeles  
DEPARTMENT OF PUBLIC WORKS  
Office of the City Engineer

478847

SURETY'S BOND NO.

**CENTRAL**

District/Division Design Office  
Council District No.  
Date Issued: **08/27/2008**

CAO-RISK MGMT. NO.

**SUBDIVISION IMPROVEMENT AND WARRANTY PERFORMANCE BOND**

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, THE ROSSLYN LOFTS HOUSING PARTNERS, L.P.

as PRINCIPAL and International Fidelity Insurance Company a corporation  
incorporated under the laws of the State of New Jersey and authorized by the  
laws of the State of California to execute bonds and undertakings as sole surety, as SURETY, are  
held and firmly bound unto the City of Los Angeles, in the JUST and FULL SUM of **ONE  
HUNDRED EIGHT THOUSAND AND NO/100 Dollars (\$108,000.00)** . lawful money of the United  
States, for the payment of which sum, well and truly to be made, we bind ourselves, our heirs,  
executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

The CONDITION of the foregoing obligation is such that WHEREAS the PRINCIPAL has entered  
or is about to enter into the annexed agreement with the CITY, pursuant to the authority of an act  
of the Legislature of the State of California known as the "Subdivision Map Act" (Division 2,  
commencing with Section 66410, of Title 7 of the Government Code) and amendments thereto,  
and pursuant to the provisions of Article 7 of Chapter 1, and Sections 62.105 through 62.117,  
inclusive, of the Municipal Code of the CITY, as amended, for the construction and installation of  
certain public improvements in accordance with the terms and conditions stipulated in said  
agreement, and is required by the CITY to give this bond in connection with the execution of said  
agreement as a contract for approval of that certain division of land known as:

**TRACT NO. 70091**

NOW, THEREFORE, if the above bounden PRINCIPAL, his or its heirs, executors, administrators,  
or assigns, shall in all things stand to and abide by, and well and truly keep and perform the  
covenants, conditions and provisions in said annexed agreement and any alteration thereof made  
as therein provided, on his or their part, to be kept and performed at the time and in the manner  
therein specified, and in all respects according to their true intent and meaning, and shall  
indemnify and save harmless the CITY, its officers, agents and employees, as therein stipulated,  
then this obligation shall become null and void; otherwise it shall be and remain in full force and  
effect.

Continuation Sheet For:

**SUBDIVISION IMPROVEMENT AND WARRANTY PERFORMANCE BOND**


AS PART OF THE OBLIGATION SECURED HEREBY, and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by the CITY in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered therefor.

THE SURETY hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the annexed agreement, or to the work to be performed thereunder, or to the specifications accompanying the work to be performed, shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of said agreement, or to the work, or to the plans and specifications. The provisions of Section 2945 of the Civil Code are not a condition precedent to the Surety's obligation hereunder, and are hereby waived by the SURETY.

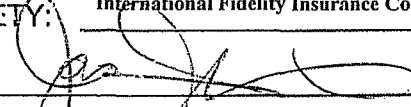
IN WITNESS WHEREOF, this instrument has been duly executed by the above named PRINCIPAL and SURETY on November 11th, 20 08.

Principal Signatories

THE ROSLYN LOFTS HOUSING PARTNERS, L.P.

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SURETY: International Fidelity Insurance Company

By:  Jason Jenkins (Attorney-in-Fact)

Surety's Address: 1575 Treat Boulevard, Suite 208, Walnut Creek, CA 94598

**General Acknowledgment**

STATE OF CALIFORNIA }  
COUNTY OF San Diego } SS.

On December 17<sup>th</sup>, 2008 before me

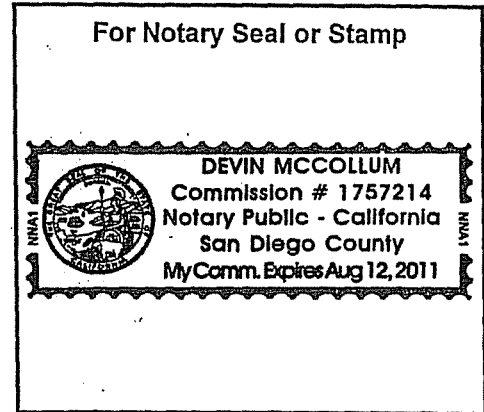
a Notary Public, personally appeared  
Ruben Islas

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 capacity(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.

Signature [Handwritten Signature]  
Signature of Notary



ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title of Type of Document Subdivision Labor & Material Payment Bond  
Number of Pages 2 Date of Document November 11<sup>th</sup>, 2008  
Signer(s) Other Than Named Above None

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Alameda }

On November 11, 2008 before me, Tamila R. Miceli, Notary Public  
Date Here Insert Name and Title of the Officer

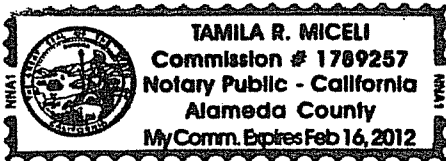
personally appeared Jason Jenkins  
Name(s) of Signer(s)

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 capacity(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.

Signature Tamila R. Miceli  
Signature of Notary Public



Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Subdivision Improvement and Warranty Performance Bond

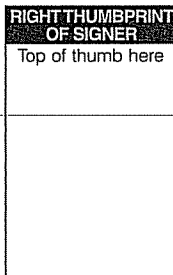
Document Date: November 11, 2008 Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Jason Jenkins

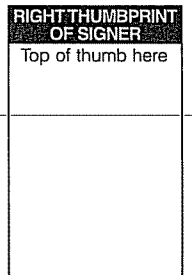
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

# POWER OF ATTORNEY INTERNATIONAL FIDELITY INSURANCE COMPANY

HOME OFFICE: ONE NEWARK CENTER, 20TH FLOOR  
NEWARK, NEW JERSEY 07102-5207

## FOR BID BOND/RIDER/CONSENTS/AFFIDAVITS

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing laws of the State of New Jersey, and having its principal office in the City of Newark, New Jersey, does hereby constitute and appoint

REX ELEY, JASON JENKINS, CHRIS ELEY

CA.

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of Article 3-Section 3, of the By-Laws adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting called and held on the 7th day of February, 1974.

The President or any Vice President, Executive Vice President, Secretary or Assistant Secretary, shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and,
- (2) To remove, at any time, any such attorney-in-fact and revoke the authority given.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 29th day of April, 1982 of which the following is a true excerpt:

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.



IN TESTIMONY WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 31st day of August, A.D. 1998.

INTERNATIONAL FIDELITY INSURANCE COMPANY

STATE OF NEW JERSEY  
County of Essex

*[Signature]*  
Vice-President

On this 31st day of August 1998, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said the he is the therein described and authorized officer of the INTERNATIONAL FIDELITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.



*[Signature]*

A NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Nov. 21, 2005

### CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect

IN TESTIMONY WHEREOF, I have hereunto set my hand this 11<sup>th</sup> day of November, 2008

*[Signature]*  
Assistant Secretary

City of Los Angeles  
DEPARTMENT OF PUBLIC WORKS  
Office of the City Engineer

478847

\_\_\_\_\_  
SURETY'S BOND NO.

**CENTRAL**

\_\_\_\_\_  
District/Division Design Office  
Council District No.  
Date Issued: 08/27/2008

\_\_\_\_\_  
CAO-RISK MANAGEMENT NO.

**SUBDIVISION LABOR AND MATERIAL PAYMENT BOND**

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, THE ROSSLYN LOFTS HOUSING PARTNERS, L.P.

as PRINCIPAL and International Fidelity Insurance Company a corporation  
incorporated under the laws of the State of New Jersey and authorized by the  
laws of the State of California to execute bonds and undertakings as sole surety, as SURETY, are  
held and firmly bound unto the City of Los Angeles, in the JUST and FULL SUM of **FIFTY FOUR  
THOUSAND AND NO/100 Dollars (\$54,000.00)** lawful money of the United States, for the  
payment of which sum, well and truly to be made, we bind ourselves, our heirs, executors,  
administrators, successors, and assigns, jointly and severally, firmly by these presents.

The CONDITION of the foregoing obligation is such that WHEREAS the PRINCIPAL has entered  
or is about to enter into a contract with the CITY, pursuant to the authority of an act of the  
Legislature of the State of California known as the "Subdivision Map Act" (Division 2, commencing  
with Section 66410, of Title 7 of the Government Code) and amendments thereto, for the  
construction and installation of certain public improvements in accordance with the terms and  
conditions stipulated in said contract, and WHEREAS, pursuant to said Code, the PRINCIPAL  
must give this PAYMENT BOND as a condition to the execution of said contract, and for approval  
by the CITY of that certain division of land known as:

**TRACT NO. 70091**

NOW, THEREFORE, if said PRINCIPAL fails to pay the Contractor or his Subcontractors, or fails  
to pay persons renting equipment or furnishing labor or materials of any kind for the performance  
of said contract, or fails to pay amounts due under the Unemployment Insurance Act with respect  
to such work or labor, then said SURETY will pay the same in an amount not exceeding the  
amount hereinabove set forth, and also in case suit is brought upon this bond, will pay, in addition  
to the face amount thereof, costs and reasonable expenses and fees, including reasonable  
attorney's fees, incurred by the CITY in successfully enforcing such obligation, to be awarded and  
fixed by the court, and to be taxed as costs and to be included in the judgment therein rendered.

Continuation Sheet For:

**SUBDIVISION LABOR AND MATERIAL PAYMENT BOND**

IT IS EXPRESSLY STIPULATED AND AGREED that this bond shall insure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns to any suit brought upon this bond.


SHOULD THE CONDITION of this bond be fully performed, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

THE SURETY hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract, or to the work to be performed thereunder, or to plans and specifications for the work to be performed, shall in any manner affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. The provisions of Section 2845 of the Civil Code are not a condition precedent to the SURETY's obligation hereunder and are hereby waived by the SURETY.

IN WITNESS WHEREOF, this instrument has been duly executed by the above named PRINCIPAL and SURETY on November 11th, 20 08.

Principal Signatories  
THE ROSSLYN LOFTS HOUSING PARTNERS, L.P.

Principal Signatories

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SURETY: International Fidelity Insurance Company

By:  Jason Jenkins (Attorney-in-Fact)

Surety's Address: 1575 Treat Boulevard, Suite 208, Walnut Creek, CA 94598

**General Acknowledgment**

STATE OF CALIFORNIA  
COUNTY OF San Diego } SS.

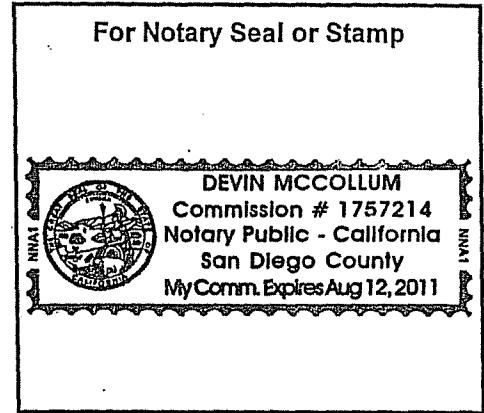
On December 17th, 2008 before me  
Devin McCollum  
a Notary Public, personally appeared  
Ruben Islas

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 capacity(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.

Signature [Signature]  
Signature of Notary



**ATTENTION NOTARY:** Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title of Type of Document Subdivision Improvement & Warranty Performance Bond  
Number of Pages 2 Date of Document November 11th, 2008  
Signer(s) Other Than Named Above None

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Alameda

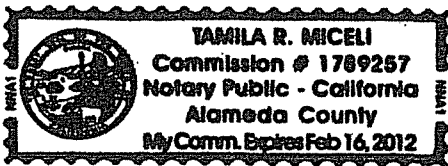
On November 11, 2008 before me, Tamila R. Miceli, Notary Public

personally appeared Jason Jenkins

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 capacity(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.



Place Notary Seal Above

Signature Tamila R. Miceli  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Subdivision Labor and Material Payment Bond

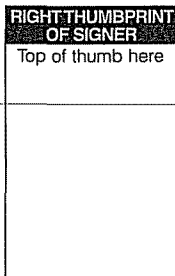
Document Date: November 11, 2008 Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Jason Jenkins

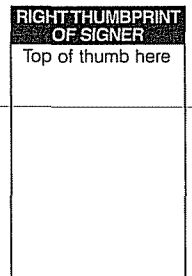
- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

# POWER OF ATTORNEY INTERNATIONAL FIDELITY INSURANCE COMPANY

HOME OFFICE: ONE NEWARK CENTER, 20TH FLOOR  
NEWARK, NEW JERSEY 07102-5207

## FOR BID BOND/RIDER/CONSENTS/AFFIDAVITS

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing laws of the State of New Jersey, and having its principal office in the City of Newark, New Jersey, does hereby constitute and appoint

REX ELEY, JASON JENKINS, CHRIS ELEY

CA.

its true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, stature, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of Article 3-Section 3, of the By-Laws adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting called and held on the 7th day of February, 1974.

The President or any Vice President, Executive Vice President, Secretary or Assistant Secretary, shall have power and authority

- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and,
- (2) To remove, at any time, any such attorney-in-fact and revoke the authority given.

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 29th day of April, 1982 of which the following is a true excerpt:

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.



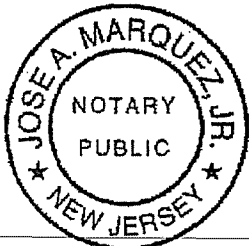
IN TESTIMONY WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, this 31st day of August, A.D. 1998.

STATE OF NEW JERSEY  
County of Essex

INTERNATIONAL FIDELITY INSURANCE COMPANY

*[Signature]*  
Vice-President

On this 31st day of August 1998, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of the INTERNATIONAL FIDELITY INSURANCE COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.



IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.

*[Signature]*

A NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Nov. 21, 2005

### CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, with the ORIGINALS ON IN THE HOME OFFICE OF SAID COMPANY, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect

IN TESTIMONY WHEREOF, I have hereunto set my hand this 11<sup>th</sup> day of November, 2008

*[Signature]*  
Assistant Secretary

THE ROSSLYN LOFTS HOUSING PARTNERS, LP,

A CALIFORNIA LIMITED PARTNERSHIP

AMENDED AND RESTATED AGREEMENT

OF LIMITED PARTNERSHIP

Dated as of September 1, 2007

THE ROSSLYN LOFTS HOUSING PARTNERS, LP

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THE ROSSLYN LOFTS HOUSING PARTNERS, LP  
AMENDED AND RESTATED AGREEMENT  
OF LIMITED PARTNERSHIP

ARTICLE I -- Preliminary Statement

The Rosslyn Lofts Housing Partners, LP (the "Partnership") was formed as a limited partnership under the laws of the State of California pursuant to an Agreement of Limited Partnership dated as of March 22, 2007, as amended by that certain First Amendment to Agreement of Limited Partnership dated September 18, 2007. A certificate of limited partnership was filed with the Filing Office on March 22, 2007.

The purposes of this amendment to and restatement of said Agreement are to (i) admit Provident Tax Credit Fund IX, LLC, an Ohio limited liability company, as the Investor Limited Partner and to admit SCDC, LLC, an Ohio limited liability company, as the Special Limited Partner; (ii) admit Pacific Housing, Inc., a California nonprofit public benefit corporation, as the Managing General Partner; (iii) provide for the withdrawal of Islas Development, LLC, a California limited liability company as the pre-existing limited partner(s); and (iv) set out more fully the rights, obligations and duties of the General Partners and the Limited Partners and to restate the Original Agreement in its entirety.

It is hereby agreed that the Original Agreement is hereby amended and fully restated as provided herein. Capitalized terms not defined in the text hereof shall have the meanings set forth in Article XI.

ARTICLE II -- Continuation; Name; and Purpose

Section 2.1 Continuation

The parties hereto hereby agree to continue the limited partnership known as The Rosslyn Lofts Housing Partners, LP, formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office

The Partnership shall continue to be conducted under the name of The Rosslyn Lofts Housing Partners, LP. The principal office of the Partnership shall be at 2878 Camino del Rio South, San Diego, California 92108, and the Partnership may also maintain offices at the Property. The resident agent for service of process on the Partnership shall be CT Corporation System, 818 W. 7<sup>th</sup> Street, Los Angeles, California 90017. The General Partners may at any time change the location of a Partnership office (but not the identity or address of its resident agent) in the State and shall give due notice of any such change to the Limited Partners.

Section 2.3 Purpose

The Partnership has been organized to develop, own, and operate a mixed use project that will (i) provide decent, safe, sanitary and affordable low income housing to poor and economically disadvantaged persons by acquiring the Land and developing, financing, rehabilitating, owning, maintaining, operating and selling or otherwise disposing of the Property

in accordance and compliance with the Regulatory Agreement and consistent with the charitable purposes of the Managing General Partner; (ii) provide market rate rental housing and (iii) provide some commercial and business operations appropriate for the nature of the Project. The Partnership shall not engage in any other business or activity.

#### Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is hereby authorized, and the General Partners shall have full power, authority and discretion to cause the Partnership:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and to secure the same by mortgage, pledge or other lien on the Property or any other assets of the Partnership.

(iv) To employ a Management Agent, which Management Agent may be an Affiliate, to manage the Property, and to pay reasonable compensation for such services.

(v) To enter into, perform and carry out contracts of any kind, including contracts with Affiliates, necessary to, in connection with or incidental to, the accomplishment of the purposes of the Partnership, specifically including, but not limited to, the execution and delivery of the Property Documents, and all other agreements, certificates, instruments or documents required by the Lenders in connection with the Property Documents and the acquisition, rehabilitation, development, improvement, maintenance and operation of the Property or otherwise required by the Lenders in connection with the Property.

(vi) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

#### Section 2.5 Term and Dissolution

The Partnership shall continue in full force and effect until December 31, 2067, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

A. The sale or other disposition of all or substantially all the assets of the Partnership; or

B. The Retirement of a General Partner if no General Partner remains and the Partnership is not reconstituted with a successor General Partner pursuant to Section 8.3; or

C. The occurrence of any event which would cause the dissolution of the Partnership

under the Uniform Act notwithstanding the agreement of the Partners or the election of the General Partners to continue the business of the Partnership. The Partners agree, and the General Partners agree to elect, to continue the business of the Partnership under all circumstances permitted by the Uniform Act.

Upon dissolution of the Partnership, unless the Partnership is reconstituted pursuant to Section 8.3, the General Partners (or their trustees, receivers, successors, or legal representatives) shall cause the cancellation of the Partnership's Certificate of Limited Partnership as then in force, and shall liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 5.3. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, with the prior Consent of the Special Limited Partner, in order to avoid such loss, either (i) delay liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy Partnership debts and obligations other than debts provided for in Section 5.2.B, Clauses Two and following, or (ii) distribute the assets to the Partners in kind.

### ARTICLE III -- Partners: Capital

#### Section 3.1 General Partners

The General Partners of the Partnership as of the date hereof are Amerland/Rosslyn Partners, LLC, a California limited liability company (the "Co-General Partner") and Pacific Housing, Inc., a California nonprofit public benefit corporation (the "Managing General Partner") at the addresses set forth on the Schedule. At all times when there is only one General Partner of the Partnership, the term "General Partners" shall refer to such sole General Partner alone. The General Partners have each made a Capital Contribution to the Partnership in the total amount of \$100.00. The General Partners shall not be obligated or permitted to make additional Capital Contributions to the Partnership, except that the Co-General Partner shall be obligated to make such additional Capital Contributions (a) in an amount sufficient to enable the Partnership to pay any outstanding balance of the Deferred Development Cost Payment in full on the date set forth in Section 6.11, and (b) to pay the Adjustment Amount as provided in Section 4.2B.

#### Section 3.2 Limited Partners

A. On the Admission Date, SCDC, LLC, an Ohio limited liability company, shall be admitted to the Partnership as the Special Limited Partner, Provident Tax Credit Fund IX, LLC, an Ohio limited liability company, shall be admitted to the Partnership as the Investor Limited Partner, and thenceforth the Limited Partners shall be those Limited Partners shown on the Schedule. The addresses of each of the Limited Partners shall be as set forth on the Schedule.

B. Islas Development, LLC, a California limited liability company hereby withdraws as a Limited Partner, effective on the Admission Date, and acknowledges that as of the Admission Date it (i) has received a return of its capital contribution in its capacity as a withdrawn Partner, and (ii) no longer has any interest in or rights or claims against the Partnership in his capacity as a withdrawn Partner or for unpaid fees or compensation earned prior to the Admission Date.

### Section 3.3 Partnership Capital

A. The capital of the Partnership shall be the aggregate amount of the cash and the agreed value of property contributed by the General Partners, and the aggregate amount of the cash contributed by the Limited Partners, which amounts are hereby agreed to be those set forth in the Schedule. The Schedule shall be amended from time to time to reflect the withdrawal or admission of Partners, any changes in the Partnership interests held by a Partner arising from the transfer of a Partnership interest to or by such Partner and any change in the amounts to be contributed or agreed to be contributed by any Partner; provided that no funds provided by a Partner shall be deemed to be additional Capital Contributions unless payment thereof is pursuant to a specific provision of this Agreement requiring or permitting the making of additional Capital Contributions.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an interest in the Partnership. The Capital Account of each Partner shall consist of (a) the amount of cash such Partner contributes to the Partnership, plus (b) the fair market value of any property such Partner contributes to the Partnership net of any liabilities assumed by the Partnership or to which such property is subject, plus (c) the amount of profits and gain and tax exempt income allocated to such Partner, minus (d) the amount of losses and deductions allocated to such Partner, minus (e) the amount of all cash distributed to such Partner, minus (f) the fair market value of any property distributed to such Partner net of any liabilities assumed by such Partner or to which such property is subject, minus (g) the amount of any other expenditures which are not deductible by the Partnership for Federal income tax purposes or which are not allowable as additions to the basis of Partnership property and which are allocated to such Partner. Each Capital Account shall also be subject to such other adjustments as may be required under the Code and Treasury Regulations. The Capital Account of a Partner shall not be affected by any adjustments to basis made pursuant to Section 743 of the Code.

C. The original Capital Account established for any substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term "substituted Partner", as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the profits, losses and distributions of the Partnership by reason of such Person succeeding to the interest in the Partnership of a Partner by assignment of all or any part of a Partner's interest in the Partnership. To the extent a substituted Partner receives less than 100% of the interest in the Partnership of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the interest he receives and the Capital Account of the Partner who retains a partial interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the interest he retains. Nothing in this Section 3.3 shall affect the limitations on transferability of Partnership interests set forth in this Agreement.

### Section 3.4 Withdrawal of Capital

Except as may be specifically provided in Article V hereof, no Partner shall have the right to withdraw from the Partnership all or any part of his Capital Contribution. No Partner shall have any right to demand and receive property or cash of the Partnership in return of his Capital Contribution except as may be specifically provided in this Agreement.

### Section 3.5 Liability of Limited Partners/ Representations and Warranties

No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership except to the extent such Limited Partner shall undertake such liability pursuant to a separate written instrument. A Limited Partner shall be liable to the Partnership only to make payments of his Capital Contribution as and when due hereunder, and, after his Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act, be required to make any further Capital Contributions or lend any funds to the Partnership.

Each Limited Partner represents and warrants to the General Partners and the Partnership that the execution and delivery of this Agreement and each of the other documents and agreements described in or contemplated by the Agreement by the Limited Partners, and the performance of the transactions contemplated by each of such documents, have been duly authorized by all requisite actions and proceedings, and will not conflict with or violate the organizational documents of the Limited Partners or result in a breach of, or default under, any instrument or agreement to which the Limited Partners are a party or is bound or to which its property is subject. Each of the Investor Limited Partner and the Special Limited Partner represents and warrants that it is duly organized, validly existing and in good standing under the laws of the State of Ohio.

### Section 3.6 Additional Limited Partners

A. Except as may be expressly provided elsewhere in this Agreement, the General Partners shall have no right or authority to admit Limited Partners other than those being admitted pursuant to Section 3.2 unless such admission shall have received the Consent of the Special Limited Partner.

B. Any incoming Limited Partner shall, as a condition of receiving any interest in the Partnership, agree to be bound by the Property Documents to the same extent and on the same terms as all other Partners of the same class. Any incoming Limited Partner shall also agree to be bound by the provisions of this Agreement.

C. Upon the admission of any additional Limited Partners, the Schedule shall be amended to reflect the names, addresses and Capital Contributions of such additional Limited Partners, and the date each Limited Partner is admitted to the Partnership.

## ARTICLE IV -- Limited Partner Capital Contributions

### Section 4.1 Payments

A. The Special Limited Partner shall pay its entire Capital Contribution of \$100.00 to the Partnership in cash on the Admission Date. The Investor Limited Partner shall make its Capital Contributions in the total amount of \$16,325,169) (\$16,325,269 minus the \$100 Capital Contribution made by the Special Limited Partner), which shall be paid in installments (subject to the provision of Section 4.2.B) as set forth in the following payment schedule (the "Payment Schedule") and upon satisfaction of the conditions set forth in Section 4.1.B:

(1) The first installment in the amount of \$4,897,481 (the "First Installment") shall be

paid on the latest of (a) the Admission Date, (b) Bond Loan Closing and closing of the City Loan, (c) acceptance by the Partnership of a commitment for the Permanent Mortgage Loan acceptable to the Special Limited Partner, and (d) all conditions in 4.1B have been satisfied.

(2) The second installment in the amount of \$6,530,108 (the "Second Installment") shall be paid within seven (7) days following the latest of (a) 50% Completion of Construction has occurred, (b) the date all conditions in 4.1B have been satisfied, and (c) the date all of the conditions to the payment of the First Installment have been satisfied. If and when paid, the Second Installment shall be paid directly to the Bond Trustee or otherwise in accordance with the payment instructions provided by the Bond Trustee on behalf of the Partnership to be held and released in accordance with the Bond Indenture.

(3) The third installment in the amount of \$2,448,790 (the "Third Installment") shall be paid within seven (7) days following the latest of (a) Full Completion, (b) Basis Certification; (c) all conditions in 4.1B have been satisfied and (d) satisfaction of all of the conditions to the payment of the First Installment and Second Installment have been satisfied. If and when paid, the Third Installment shall be paid directly to the Bond Trustee or otherwise in accordance with the payment instructions provided by the Bond Trustee on behalf of the Partnership to be held and released in accordance with the Bond Indenture.

(4) The fourth installment in the amount of \$2,448,790 (the "Fourth Installment") shall be paid within fifteen (15) business days of the latest of (a) Stabilized Occupancy, (b) 8609 Issuance, (c) the date upon which and condominium maps have been recorded dividing the Property into three (3) separate condominium units, (d) all conditions in 4.1B have been satisfied, (e) satisfaction of all of the conditions to the payment of the First Installment, Second Installment and Third Installment have been satisfied and (f) October 1, 2010. If and when paid, the Fourth Installment shall be paid directly to the Bond Trustee or otherwise in accordance with the payment instructions provided by the Bond Trustee on behalf of the Partnership to be held and released in accordance with the Bond Indenture.

All Capital Contributions received by the Partnership shall be used only for Partnership purposes permitted by this Agreement.

B. The obligation of the Investor Limited Partner to pay to the Partnership each Installment (and each portion of any Installment payable in portions) is subject to the conditions that (i) each of the preceding Installments shall have become due and payable, (ii) any Adjustment Amount due from the Co-General Partner shall be deducted from the Installment pursuant to the terms of Section 4.2, and (iii) the General Partners shall have delivered to the Special Limited Partner their written certificate (the "Certificate"), which shall be addressed to the Special Limited Partner and the Investor Limited Partner and which shall state that, as of the date of execution of such Certificate, (a) the Installment in question is due and payable to the Partnership (except with regard to the mere passage of time to any certain date set forth in the Payment Schedule), (b) all preconditions (except with regard to the mere passage of time to any certain date set forth in the Payment Schedule), representations, warranties and agreements applicable to such Installment set forth in Sections 4.1 and 6.6 and elsewhere in this Agreement have been satisfied, or are true and correct, as the case may be; and (c) the representations, warranties, disclosures and certifications contained in the General Partner Closing Certificate dated as of the date hereof (the "General Partner Closing Certificate") remain true and correct on the date of the Certificate. The Certificate shall include as exhibits thereto (a) a copy of the title insurance policy (or, in connection with the Certificate with respect to the First Installment, a

title insurance commitment) for the Property including all endorsements (the most recent of which must be dated within 15 days of the date of the Certificate) evidencing the accuracy of the representation set forth in Section 6.6(10) (title policy needs to be provided only with the Installment immediately following the issuance of the same "date down" endorsement required with each installment), and (b) in connection with the Certificate with respect to the Fourth Installment, an "as built" survey of the Property following Full Completion in form and substance reasonably satisfactory to the Special Limited Partner and prepared and certified as of a date within thirty (30) days of the Fourth Installment due date by a surveyor licensed to practice in the state in which the Property is located (but only if any of the rehabilitation involved modifications to the "footprint" of the building, modifications to the exterior of any buildings or parking areas, the construction of any new buildings or parking areas, or any other modification that would be shown on an as-built survey). The Certificate delivered with respect to the First Installment shall be dated as of the Admission Date, and the Certificate delivered with respect to each subsequent Installment shall be dated no earlier than 15 days prior to the date of payment of such Installment. By acceptance of such Installment on behalf of the Partnership, the General Partners shall be deemed to have reaffirmed and ratified the Certificate as of the date such Installment is paid to the Partnership.

C. If as of the date when any Installment or portion thereof would otherwise be payable to the Partnership pursuant to the Payment Schedule, the Certificate required under Section 4.1.B cannot truthfully be given, then the Installment shall not be payable to the Partnership unless and until (a) the General Partners shall resolve the circumstances which prevent delivery of such Certificate in a manner reasonably satisfactory to the Investor Limited Partner, (b) the General Partners shall not otherwise be in default hereunder and (c) the Certificate shall be delivered in compliance with the provisions of Section 4.1.B; provided, however, that, if the foregoing prerequisites to payment of such Installment shall not be met on or before December 31, 2011, then the Partnership shall forever waive all right to receive any portion of such Installment.

#### Section 4.2 Special Adjustments

Upon occurrence of the events set forth in the following paragraphs, the following adjustments shall be made:

##### A. Low Income Housing Credit Adjustment.

(1) If the Annual Reported Credit which will apply to each year of the Credit Period (as determined from time to time pursuant to Section 4.2.A(6) below) is less than \$1,649,107, then the Capital Contribution obligation of the Investor Limited Partner shall be reduced by an amount (an "Adjustment Amount") equal to 99% of the excess of (a) the sum of the Projected Credit for all years included in the table in the definition of "Projected Credit" over (b) the sum of the Low Income Housing Credit which will be allocated to the Investor Limited Partner for all such years based on the Annual Reported Credit.

(2) In the event that the Actual Credit for 2009 and/or 2010 is less than the Projected Credit for such years, respectively (after the Projected Credit has been revised by any adjustment made pursuant to Section 4.2.A(1) above) and the shortfall will be deferred pursuant to Section 42(f)(2)(B) of the Code, then the Capital Contribution obligation of the Investor Limited Partner shall be reduced by an amount (an "Adjustment Amount") equal to 65% of the total shortfall in Projected Credit, and the Projected Credit for 2018 and/or for 2019 shall be correspondingly increased. Provided further, with respect to any deferral of Tax Credits

arising by reason of the deferral provisions of the so-called "two-thirds rule" set forth in Section 42(f)(3) of the Code ("2/3 Credits"), and assuming that any apartment units not initially occupied during such first Tax Year are so occupied during the next Tax Year pursuant to a schedule reasonably projected by the Partners, then the Capital Contribution obligation of the Investor Limited Partner shall be reduced by an amount (an "Adjustment Amount") equal to the difference between the total amount of the 2/3 Credits and the present value of the 2/3 Credits (such present value shall be determined by discounting, at an annual rate of 6.5%).

(3) If for any reason the amount of Actual Credit for any year is less than the Projected Credit for such year (after the Projected Credit has been revised by any adjustments made pursuant to Sections 4.2.A(1) or 4.2.A(2) above), then the Capital Contribution obligation of the Investor Limited Partner shall be reduced by an amount (an "Adjustment Amount") equal to the sum of (a) the shortfall in Projected Credit for such year and the total of the present value of the corresponding shortfall for each future year which will also occur due to the circumstances in question (such present value shall be determined by discounting, at an annual rate of 6%, such shortfall from the end of the year in which it occurs back to the date such circumstances occur), plus (b) the amount of any Low Income Housing Credit recapture amount (as defined in Code Section 42(j), including any interest and/or penalties due to the Internal Revenue Service) and an amount sufficient to pay any tax liability owed by the Limited Partners resulting from receipt of the foregoing amounts (calculated at an assumed tax rate of 40%). Provided, further, the calculation in this Section 4.2.A(3)(a) shall take into account, to the extent applicable, any increase in Tax Credits for each Tax Year after the Credit Period but within the Compliance Period arising by reason of the deferral provisions of Section 42(f)(2) of the Code or the so-called "two-thirds rule" set forth in Section 42(f)(3) of the Code, and assuming that any apartment units not initially occupied during such first Tax Year are so occupied during the next Tax Year pursuant to a schedule reasonably projected by the Partners.

(4) In the event that it is determined upon 8609 Issuance that the Partnership will receive an additional amount of annual Actual Credit with respect to the Property which is in excess of the Projected Credit (such additional amount, aggregated over all years in the Credit Period, is referred to hereinafter as the "Additional Credit"), the Investor Limited Partner agrees that it will make additional Capital Contributions to the Partnership in an amount equal to 99% of the Additional Credit, with any such additional Capital Contributions being paid on the same terms and conditions as are applicable to the rest of the investment being made by the Investor Limited Partner pursuant to this Agreement; provided, however, that in no event will the Investor Limited Partner be obligated to make additional Capital Contributions as aforesaid and pursuant to clause (5) immediately below in an aggregate amount in excess of 10.0% of the total agreed-to Capital Contributions of the Investor Limited Partner set forth on Schedule A as of the Effective Date. Any additional Capital Contributions determined as aforesaid pursuant to this Section 4.2A(4) shall be applied to increase the Fourth Installment; provided, however, that if no further Installment remains to be paid, then the entire amount of such additional Capital Contributions shall be made by the Investor Limited Partner to the Partnership within thirty (30) days after the determination of the amount thereof by the Special Limited Partner as aforesaid. Notwithstanding the foregoing, however, there shall be no additional Capital Contributions due under this Section 4.2A(4) unless (i) the determination of the Additional Credit shall be supported by a certification of the Accountant's in form and substance reasonably acceptable to the Special Limited Partner to the effect that the Property will have sufficient Eligible Basis, given its applicable percentage, so as to enable the Partnership to claim the entire Additional Credit, (ii) the determination of the amount of the Additional Credit and the Accountant's certification thereof shall have been finally determined no later than

December 31, 2010, and (iii) a written amendment to this Agreement, properly reflecting the effect of this Section 4.2A(4), shall have been executed by the General Partners and delivered to the Special Limited Partner.

In the event that the Actual Credit for 2009 is greater than the Projected Credit for such year (after the Projected Credit has been revised by any adjustment made pursuant to Section 4.2.A(1) above), then the Fourth Installment of the Investor Limited Partner shall be increased as determined by the Special Limited Partner by an amount (a "Timing Adjustment Contribution") equal to the additional capital necessary to maintain the Investor Limited Partner's rate of return projected in the Financial Forecast attached as Exhibit 2 assuming the accelerated actual credit delivery, any shortfall in projected losses and the revised timing of capital contributions (either actual or reasonably projected at the time of such determination). Notwithstanding the foregoing, no Timing Adjustment Contribution shall be required if a request is not received by Special Limited Partner from the Co-General Partner prior to April 15, 2010, and a written amendment to this Agreement, properly reflecting the effect of this Section 4.2A(4), shall have been executed by the General Partners and delivered to the Special Limited Partner.

(5) "Projected Credit" shall mean the amount for each year expected to be allocated to the Investor Limited Partner as set forth in the table below:

<u>Year</u>	<u>Projected Credit</u>
2009	\$954,499
2010 and each year thereafter through 2018	\$1,649,017
2019	\$694,518

When any adjustment is made pursuant to this Section 4.2.A, the "Projected Credit" for purposes of any future adjustment shall be revised to equal the Actual Credit on which such adjustment was computed.

(6) "Actual Credit" means, with respect to any tax year, the total amount of Low Income Housing Credit actually reported by the Partnership on its tax return for that tax year and allocated to the Investor Limited Partner (or, if less, such total amount determined after an audit by the Internal Revenue Service), as subsequently adjusted (if applicable) by any Low Income Housing Credit recapture amounts (as defined in Section 42(j)(2) of the Code).

(7) "Annual Reported Credit" means the annual amount of Low Income Housing Credit which is expected to be allocated by the Partnership to the Investor Limited Partner on the Partnership tax return for each year of the Credit Period (subject only to timing adjustments such as placed in service, occupancy and Partner admission dates), as determined and reflected in a statement to be prepared by the Accountants after Full Completion and again upon 8609 Issuance and which (a) shall assume that 87.2% of the apartment units in the Property will be Low Income Units, (b) shall be based on an unaudited determination by the Accountants after Full Completion and based on an audit by the Accountants of Development Costs after 8609 Issuance, (c) for purposes of the determination made upon the achievement of Full Completion, shall assume that the Property will not be condominiumized if the condominium map has not been approved and recorded at such time, (d) shall include supporting documentation and/or certifications from the General Partners and the Accountants indicating the

date when the low income building was placed in service and indicating the number and percentage of tenants occupying low income units in the Property who are Qualified Tenants, and (e) on which the Accountants shall express a favorable opinion as to fair presentation as to the Forms 8609 presentation. In no event shall the amount of the Development Services Fee which is taken into account in computing the Annual Reported Credit exceed the lesser of (i) the amount of such fee actually paid or to be paid pursuant to Section 6.11 and (ii) the amount allowable by the Credit Agency.

B. Adjustment Procedure.

(1) Any Adjustment Amount determined pursuant to Section 4.2A.(1), (2), or (3) shall be applied to the Installment next due to be paid by the Investor Limited Partner, with any portion of such Adjustment Amount in excess of the amount of such Installment then being applied to the next succeeding Installment or Installments, provided that if no further Installments remain to be paid or if the Adjustment Amount shall exceed the sum of the amounts of the remaining Installments, then the Co-General Partner shall within forty-five (45) days after such Adjustment Amount has been determined, make a Capital Contribution to the Partnership in the amount of the entire Adjustment Amount or the balance of the Adjustment Amount, as the case may be (a "Credit Adjuster Advance"), and the entire Credit Adjuster Advance shall be immediately distributed to the Investor Limited Partner and shall neither constitute nor be limited by Cash Flow or Capital Transaction Proceeds. In the alternative, if the Accountants determine that the Capital Contribution and distribution contemplated by the immediately preceding sentence would prevent the Investor Limited Partner from being allocated 99.99% of losses and tax credits, then the Co-General Partner shall pay the entire Credit Adjuster Advance directly to the Investor Limited Partner. Any Adjuster Amount which is not paid by the Co-General Partner within forty-five (45) days after such Adjustment Amount has been determined, shall bear interest at 18% per annum from the date that the last Low-Income Housing Tax Credit which resulted in the Adjustment Amount would have been available to the Investor Limited Partner or the maximum interest rate allowed by law, whichever is less.

(2) Notwithstanding the foregoing, the Co-General Partner shall have no obligation to make a Credit Adjuster Advance after the fifth (5<sup>th</sup>) anniversary of the commencement of the Compliance Period unless the need for such Credit Adjuster Advance was caused by events occurring prior to the fifth (5<sup>th</sup>) anniversary of the commencement of the Compliance Period. Any amounts due to the Investor Limited Partner but not payable by the Co-General Partner because of the preceding sentence shall be treated as a loan made by the Investor Limited Partner to the Partnership and paid pursuant to Section 5.2 of this Agreement

C. Special Provisions.

Notwithstanding the provisions of this Section 4.2, no Adjustment Amount shall be payable pursuant to Section 4.2.A for any difference in Actual Credit compared to Projected Credit or for any difference in Annual Reported Credit compared to Projected Credit, to the extent such difference results solely from (a) any change in the Code occurring after the Admission Date, (b) any action taken by the Limited Partners in violation of this Agreement, or (c) any sale, transfer, assignment or disposition of all or a portion of the Partnership interest of either Limited Partner (or of any interest in a Limited Partner).

Section 4.3 Repurchase Obligation of the General Partners

A. Upon the occurrence of any of the Repurchase Events set forth below, each

Limited Partner shall have the right to elect to sell its interest in the Partnership by sending written notice (the "Election Notice") thereof to the General Partners at any time (provided that such notice must be sent within 90 days after receipt by such Limited Partner of notice of the occurrence of a Repurchase Event from the General Partners, and the General Partners shall be obligated to promptly give notice of the occurrence of a Repurchase Event to each Limited Partner). The purchase shall be made by the Co-General Partner within thirty (30) days after the receipt of the Election Notice.

B. "Repurchase Events" shall mean any of the following:

(1) The failure of the Partnership to achieve Full Completion by April 1, 2010, or the occurrence of a default under, or demand for payment of any loan secured by any Mortgage prior to Stabilized Occupancy; or

(2) Either : (a) the failure of Basis Certification to occur by June 1, 2010 (or any later date fixed by the General Partners with the Consent of the Special Limited Partner); or (b) the failure of (i) 8609 Issuance by December 31, 2009 and recording of a valid extended use agreement as required pursuant to Section 42 of the Code, or (ii) the allocation to the Partnership on Forms(s) 8609 of Low Income Housing Credit in an amount less than 80% of the maximum annual Projected Credits, or (iii) the failure of 207 units in the Property to be initially occupied by Qualified Tenants by December 31, 2009; or

(3) Closing and full funding of the Permanent Mortgage Loan shall not have occurred prior to the earlier of (a) May 1, 2011, or (b) 90 days prior to the earlier of maturity of the Construction Mortgage Loan or expiration of the commitment letter for the Permanent Mortgage Loan, unless the same are otherwise extended; or

(4) The Partnership shall fail to meet the Minimum Set-Aside or the Rent Restriction Test by the end of the first year of the Credit Period; or

(5) Prior to the conversion of the Bond Loan from its construction phase to its permanent phase, (a) foreclosure proceedings shall have commenced under the Construction Mortgage Loan or the mortgages pursuant to the Secondary Loans and such proceedings shall not have been dismissed within sixty (60) days, (b) any of the commitments of any Lender or Credit Agency to provide the Permanent Mortgage Loan and/or the Secondary Loans shall be terminated or withdrawn and not reinstated or replaced within ninety (90) days with terms which shall have received the Consent of the Special Limited Partner and (if required) the approval of any Agency or other Lender, or (c) the Construction Lender or Secondary Lender shall have irrevocably refused to make any further advances under the Construction Mortgage Loan or the Secondary loans, respectively, and such decision shall not have been reversed or the Construction Lender and/or the Secondary Lender replaced within ninety (90) days. ; or

(6) Failure of the Partnership to receive from the City of Los Angeles a properly approved stamped tentative map (without conditions or subject only to those conditions acceptable to the Special Limited Partner in its sole and absolute discretion) subdividing the Property into three (3) separate condominium units by December 31, 2008 or failure to record the final approved condominium map prior to December 31, 2009.

C. The purchase price for the interest of a Limited Partner purchased pursuant to Section 4.3 shall be an amount in cash equal to the Outstanding Capital of each selling Limited Partner plus interest at the annual rate of ten percent (10%) from the occurrence of the Repurchase Event through the date the purchase price is paid. If at the time of such repurchase, the payment of the purchase price plus interest to the selling Limited Partners constitutes a violation of the Uniform Act, the Co-General Partner shall (i) contribute sufficient additional Capital to the Partnership to permit such repurchase without constituting such a violation, and (ii) shall indemnify and hold harmless each selling Limited Partner against all loss and damage by reason of such repurchase being in violation of the Uniform Act.

D. Upon the purchase of such interest the Co-General Partner shall become Substitute Investor Limited Partner to the extent of the Limited Partner interest acquired by them, and the interest as a Limited Partner of each selling Limited Partner shall terminate; provided that the Co-General Partner shall remain liable to indemnify each of the Limited Partners against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by such Limited Partner (including reasonable attorneys' fees, fines, damages and similar payments) in connection with the Partnership or its affairs to the extent provided in Section 6.7 hereof. Upon the occurrence of any event which requires the General Partners to give notice of the obligation of the Co-General Partner to purchase the interest of the Limited Partners, as herein described, the Investor Limited Partner shall have no further obligation to pay any subsequent Installment of its Capital Contribution unless the Investor Limited Partner fails to elect, within the time described above, to have its interest repurchased.

#### ARTICLE V -- Profits, Losses and Distributions

##### Section 5.1 Profits, Losses and Tax Credits

A. Except as otherwise provided in this Article V, for each fiscal year or portion thereof, all profits, tax-exempt income, gains, losses, nondeductible expenditures and tax credits incurred and/or accrued by the Partnership, other than those arising from a Capital Transaction, shall be allocated .0045% to the Managing General Partner, .0055% to the Co-General Partner, and 99.99% to the Investor Limited Partner.

B. Except as otherwise provided in this Article V, all profits and losses arising from a Capital Transaction shall be shared by the Partners, as of the end of the fiscal year in which such Capital Transaction occurs, as follows:

##### As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative Capital Accounts shall be allocated to such Partners in proportion to the negative Capital Account balances until all such Capital Accounts shall have a zero balance; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals the amount of cash which would be distributed to such Partner in accordance with the provisions of Clauses (4), (14), (15) and (16) of Section 5.2.B if the aggregate amount of such Capital Accounts balances were cash available for distribution.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided, however, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Clauses (4), (14), (15) and (16) of Section 5.2.B; and

Second, the balance, if any of such losses, to those Partners and in those percentage shares set forth in Section 5.1.A.

C. Notwithstanding the foregoing provisions of Sections 5.1.A and 5.1.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited Partner's Capital Account to exceed such Limited Partner's obligation, if any, to restore deficits in his Capital Account pursuant to Section 5.3.A or deemed under Treasury Regulation Section 1.704-1(b)(2)(ii)(c) plus such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share of Partner Non-Recourse Debt Minimum Gain. Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 5.1.C shall be allocated to the General Partners. For purposes of this Section, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

D. The terms "profits" and "losses" used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses in this Section 5.1 subject to Section 5.4.A.

Section 5.2 Distributions Prior to Dissolution

A. Distributions of Cash Flow. Cash Flow for each fiscal year (or fractional portion thereof) following the Admission Date but prior to the occurrence of Stabilized Occupancy shall be applied first to pay any unpaid Development Costs (other than the Development Services Fee) and the balance, if any, shall be paid to the Co-General Partner as an Incentive Lease-Up Fee. Following Stabilized Occupancy, Cash Flow for each fiscal year (or fractional portion thereof) thereafter shall be applied as follows:

(1) to the payment of any unpaid Asset Management Fees;

(2) first, to the Investor Limited Partner in payment of any Adjustment Amount due to the Investor Limited Partner plus interest as required thereon for which payment has not been made as required pursuant to Section 4.2 (payments made pursuant to this Section 5.2A(2) shall be considered as payments made by the Partnership in

satisfaction of amounts owed to the General Partner under Sections 5.2A(5), (6), (7), (8), (9), (10), (11), (13), (14) and (15), in such order, and then shall be considered as payments made by the General Partner to the Investor Limited Partner in satisfaction of an Adjustment Amount owed pursuant to Section 4.2) and second, to the Investor Limited Partner in payment of any Credit Adjustment Advance due to the Investor Limited Partner pursuant to Section 4.2B(2);

- (3) to the repayment of any outstanding Limited Partner Loans;
- (4) to replenishment of the Operating Reserve to the extent required pursuant to Section 6.14.B;
- (5) to the payment of any unpaid Base Management Fee from prior years in accordance with section 6.12C, if any;
- (6) to the payment of the Supplemental Management Fee for such fiscal year;
- (7) payment to the Co-General Partner of the Partnership Management Fee;
- (8) to the Managing General Partner, payment of any accrued but unpaid Managing General Partner Fee;
- (9) to payment of any deferred Development Services Fee and then to the Developer or the Guarantor, as applicable, payment of Deferred Development Cost Payment until paid in full;
- (10) to the repayment of any outstanding General Partner Loans;
- (11) to the repayment of any outstanding Operating Deficit Loans;
- (12) to pay any amounts owed under the Secondary Loan
- (13) 10% of the remaining Cash Flow to the Investor Limited Partner;
- (14) To the payment of the Incentive Management Fee pursuant to Section 6.12.D. hereof;
- (15) all remaining Cash Flow shall be distributed 0.0045% to the Managing General Partner, .01% to the Investor Limited Partner and 99.9855% to the Co-General Partner.

The Partnership shall, subject to any applicable limitation on the distribution of Cash Flow and any required approval by any Lender, distribute Cash Flow quarterly as follows: (i) upon receipt of the applicable quarterly financial statements, up to 75% of the available Cash Flow will be distributed pursuant to this Section 5.2A, provided that the actual results of operations through the end of such quarter are adjusted to reflect operating costs including debt service, taxes, insurance and other operating expenses on an

annualized basis; and (ii) upon receipt of the annual audited financial statement each year, all of the remaining Cash Flow for the entire year will be allocated pursuant to the terms of this Section 5.2. In addition, if an Operating Deficit were to occur in a year in which quarterly distributions of Cash Flow or other fees were previously made to a General Partner, the Guarantor or the Developer, or if the audit for such year or if a Lender determines that there was inadequate Cash Flow to make such Cash Flow or fee distribution, the General Partner, the Guarantor and the Developer (as applicable) will within five (5) business days return all or a portion of such distributions to the Partnership to fund Operating Expenses then due.

B. Distributions of Capital Transaction Proceeds. Prior to dissolution, if the General Partners shall determine from time to time that there are cash proceeds available for distribution from a Capital Transaction, such cash proceeds shall be applied or distributed, as the case may be, as follows:

- (1) to the discharge, to the extent required by any lender or creditor, of debts and obligations of the Partnership, but excluding debts and obligations provided for below in this Section 5.2.B;
- (2) to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partners, the Special Limited Partner and the Accountants;
- (3) to the payment of any unpaid Asset Management Fees;
- (4) first, to the Investor Limited Partner in payment of any Adjustment Amount due to the Investor Limited Partner for which payment has not been made as required pursuant to Section 4.2 (payments made pursuant to this Section 5.2.B(4) shall be considered as payments made by the Partnership in satisfaction of amounts owed to the General Partner under Sections 5.2.B (6), (9), (10) and (13), in such order, and then shall be considered as payments made by the General Partner to the Investor Limited Partner in satisfaction of an Adjustment Amount owed pursuant to Section 4.2) and second, to the Investor Limited Partner in payment of any Credit Adjustment Advance due to the Investor Limited Partner pursuant to Section 4.2B(2);
- (5) to the repayment of any outstanding Limited Partner Loans;
- (6) to pay any unpaid Base Management Fees, if any;
- (7) to pay any accrued but unpaid Partnership Management Fee;
- (8) to the Managing General Partner, payment of any accrued but unpaid Managing General Partner Fee;
- (9) to the payment of any unpaid Supplemental Management Fee, if any;
- (10) to the payment in full of any deferred Development Services Fee and then to the Developer or the Guarantor, as applicable, the payment of outstanding Deferred Development Cost Payment;

- (11) to the payment of any outstanding General Partner Loans;
- (12) to the payment of outstanding Operating Deficit Loans;
- (13) to the payment of any amounts owed under the Secondary Loan;
- (14) to distribute to the Investor Limited Partner an amount equal to the Exit Taxes arising from such Capital Transaction;
- (15) to the Special Limited Partner in an amount not to exceed \$10,000;
- (16) any balance thereof, ninety percent (90%) to the Co-General Partner and ten percent (10%) to the Investor Limited Partner.

### Section 5.3 Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the Partnership assets, as may be determined by the remaining or surviving General Partners) shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 5.1.B and 5.3.B.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 5.1.B hereof, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 5.3.B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership's adjusted basis in such assets computed in accordance with Treasury Regulation Section 1.704-1(b). This Section 5.3.B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 5.3.B or elsewhere in this Agreement is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Special Limited Partner.

### Section 5.4 Special Provisions

Notwithstanding the foregoing provisions in this Article V:

A. For federal income tax purposes, income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among Partners so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code.

B. Except as otherwise provided in this Article V where profits, losses or distributions are allocated according to Capital Account balances, all profits, losses, credits and distributions shared by the Partners in each class of Partners (e.g., the General Partner class or the Limited Partner class) shall be shared by each Partner in such class in the percentages set forth on the Schedule.

C.1. If (i) the Partnership incurs recourse obligations or Partner Non-Recourse Debt to the General Partners or their Related Persons (including without limitation Operating Deficit Loans) or (ii) the Partnership incurs losses from extraordinary events which are not recovered from insurance or otherwise (collectively "Recourse Obligations") in respect of any Partnership taxable year, then at the election of the Special Limited Partner the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses but not cost recovery deductions) attributable to the Recourse Obligations shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 5.1.A.

C.2. If the Partnership makes any payment with respect to an obligation with respect to which a special allocation of deductions was made under Section 5.4.C.1, then the calculation and allocation of profit and losses in respect of the Partnership taxable year of such payment shall be adjusted as follows: first, an allocation of gross income shall be allocated to the Partner or Partners to whom the deductions were allocated under Section 5.4.C.1 in an amount equal to the lesser of (i) the amount of such deductions minus all previous allocations with respect to such deductions under this Section 5.4.C.2 or (ii) the amount of such payment; and second, the balance of such gross income shall be allocated as provided in Section 5.1.A.

D. If there is a net decrease in Partner Non-Recourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain (including gross income if necessary) for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Non-Recourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Non-Recourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

E. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Property and such indebtedness is distributed to the Partners pursuant to the provisions of Section 5.2.B or Section 5.3, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner. On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 5.2.B or under Section 5.3, as applicable, treating cash payments and purchase money indebtedness principal fungibly for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partner in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

F. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain (including gross income if necessary) for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

G. If a Limited Partner unexpectedly receives (1) an allocation of loss or deduction or expenditures described in Section 705(a)(2)(B) of the Code made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as a result of a distribution by the Partnership of unrealized receivables or inventory items or (2) a distribution, and such allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed such Partner's obligation, if any, to restore deficits in its Capital Account pursuant to Section 5.3.A or deemed under Treasury Regulation Section 1.704-1(b)(2)(ii)(c) plus its share of Partner Non-Recourse Debt Minimum Gain plus its share of Partnership Minimum Gain, then such Partner shall be allocated items of income and gain (including gross income if necessary) in an amount and manner sufficient to eliminate such negative balance as quickly as possible. If the Co-General Partner receives a distribution of Cash Flow and such distribution would cause a negative balance in the Co-General Partner's Capital Account, then there shall be allocated to the Co-General Partner an amount of gross income equal to the amount of such distribution. For purposes of this Section, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

H. Notwithstanding anything to the contrary herein, it is the intention of the Partnership to conform to the requirements of any Treasury regulations issued with respect to the allocation of Partnership items, in a manner maximizing the benefits to the Limited Partners, particularly with regard to any special provisions with respect to non-recourse indebtedness. The General Partners may, with the Consent of the Special Limited Partner, amend Article V to comply with any such regulations.

I. If any portion of the Property is deemed to be tax-exempt use property within the meaning of Section 168(h) of the Code, then depreciation deductions with respect to the Property shall be allocated as follows: first, to those Partners who are not tax-exempt entities or who are entitled to the exception provided in Section 514(c)(9) of the Code, an amount of depreciation equal to their share of depreciation as if no part of the depreciation of the Property were required to be computed under Section 168(g) of the Code, and, second, the remainder of the depreciation deductions with respect to the Property shall be allocated to those Partners which are tax-exempt entities not entitled to the exception under Section 514(c)(9) of the Code.

J. In applying the provisions of Article V with respect to distributions and allocations, the following ordering of priorities shall apply:

(1) Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

(2) Capital Accounts shall be reduced by distributions of Cash Flow under Section 5.2.A.

(3) Capital Accounts shall be reduced by distributions from Capital

Transactions under Section 5.2.B.

- (4) Capital Accounts shall be increased by any Minimum Gain chargeback under Section 5.4.D or 5.4.F.
  - (5) Capital Accounts shall be increased by any Qualified Income Offset under Section 5.4.G.
  - (6) Capital Accounts shall be increased by allocations of profits under Section 5.1.A.
  - (7) Capital Accounts shall be reduced by allocations of losses under Section 5.1.A.
  - (8) Capital Accounts shall be reduced by allocations of losses under Section 5.1.B.
  - (9) Capital Accounts shall be increased by allocations of profits under Section 5.1.B.
- K. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Sections 5.4.D, 5.4.F and 5.4.G had not occurred.
- L. Notwithstanding anything herein to the contrary, there shall be allocated to the Co-General Partner each year an amount of gross income equal to any GP Distribution made pursuant to Section 5.2A.

ARTICLE VI -- General Partner Rights, Powers and Duties

Section 6.1 Restrictions on Authority

Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority (a) to perform any act in violation of (i) any applicable law or regulations, (ii) any agreement between the Partnership and the Lenders or (iii) the Property Documents, or (b) to do any act required to be approved or ratified by the Limited Partners under the Uniform Act unless such approval or ratification is given in advance. The General Partners shall not have any authority to do any of the following specific acts without the Consent of the Special Limited Partner:

- (1) following achievement of Full Completion, to construct any new capital improvements, or to replace any existing capital improvements, which construction or replacement would substantially alter the character or use of the Property, or
- (2) to acquire any real property in addition to the Property, other than fee title or easements to de minimis parcels of land for the purpose of correcting record title to the Property, or
- (3) except to the extent permitted under Section 6.13.B, if any, to be personally liable on, or to guarantee, or to permit any Related Person of a Partner of the

Partnership to be personally liable on, to guarantee or otherwise bear the Economic Risk of Loss with respect to, the Mortgages, or

(4) except as otherwise provided in Section 6.13.D, to refinance any Partnership indebtedness, to sell, convey or mortgage the Property, to materially amend or modify any Mortgage or Property Document, to submit any application to refinance any Partnership indebtedness, to execute any document in connection with the Permanent Mortgage Loan, or to market the Property for sale, or

(5) to permit the occupancy of Low Income Units in the Property in violation of Minimum Set Aside or any other requirement which must be complied with to enable the Property to generate the Projected Credit, or

(6) to lease (i) pursuant to one lease (or pursuant to a series of leases which are negotiated as part of one transaction) more than 10% of the Property as an entity or (ii) the Property in such a manner as to cause the Property or any part thereof to be treated as tax-exempt use property within the meaning of Section 168(h) of the Code, or

(7) to borrow on the general credit of the Partnership, except as specifically permitted hereunder as to Operating Deficit Loans and pursuant to Section 6.13, or

(8) to cause the Partnership to operate any business on the Property other than the business of renting dwelling units and renting the commercial space pursuant to the Master Lease, or to rent any portion of the Property other than for occupancy as a dwelling unit and pursuant to the Master Lease, or

(9) to cause the Partnership to take any action referred to in clause (ii) of the definition of "Event of Bankruptcy" in Article XI.

(10) To amend, modify or terminate the Master Lease, release the Guarantor from any of its obligations under the Guaranty of Lease, or enter into any sublease of commercial space under the Master Lease for a use other than a Permitted Use under the Master Lease.

## Section 6.2 Personal Services

No Affiliate shall receive any compensation from the Partnership for services rendered to the Partnership in connection with the rehabilitation or operation of the Property or any other aspect of the business of the Partnership unless such compensation is provided for in Article VI or, if for services not compensated for pursuant to Article VI, such compensation is reasonable, does not exceed fees which would be payable on an arms-length basis to a non-Affiliate in the business of supplying such services, and complies with Lender regulations. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, syndication and development of real estate, including real estate which may be in competition with the Property and neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived there from.

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## Section 6.3 Business Management and Control; Tax Matters Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership and, subject to all provisions of this Agreement including without limitation

Articles III and VI, shall have full power, authority and discretion to cause the Partnership to do any of the acts described in Section 2.4 hereof. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as General Partner) shall participate in or have control over the Partnership business, except as provided in Article VIII hereof or as required by law. The Partners hereby consent to the exercise by the General Partners of the powers conferred on them by this Agreement. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as a General Partner) shall have any authority or right to act for or to bind the Partnership.

B. All Partners hereby agree that, as long as it shall be a General Partner, Amerland/Rosslyn Partners, LLC shall be the "Tax Matters Partner." The Tax Matters Partner shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Internal Revenue Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit, and the fees of counsel shall be a Partnership expense. The Tax Matters Partner shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, shall furnish to each Partner (within five days after receipt) a copy of each notice or other communication received by the Tax Matters Partner from the Internal Revenue Service, and shall not respond to any notice or other communication from the Internal Revenue Service which questions or challenges any item which has been or may be reported on a Partnership tax return until after the Special Limited Partner has reviewed and commented on the proposed response. The Tax Matters Partner shall have no authority, without the Consent of the Special Limited Partner, to (i) enter into a settlement agreement with the Internal Revenue Service which purports to bind Partners other than the Tax Matters Partner, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) to file any tax related litigation in a court other than the United States Tax Court, or (vii) to engage in any communication (written or oral) with the Internal Revenue Service or the Credit Agency, or submit any report or other correspondence to the Internal Revenue Service or the Credit Agency.

#### Section 6.4 Authority of General Partners

A. Every contract, deed, mortgage, lease and other instrument executed by each of the General Partners shall be conclusive evidence in favor of every Person relying thereon or claiming there under that, at the time of the delivery thereof (except as shown in certificates or other instruments duly filed with the Filing Office), (a) the Partnership was in existence, (b) this Agreement had not been terminated or canceled or amended in any manner so as to restrict such authority, and (c) such General Partner were duly authorized to execute such instrument. Except as otherwise provided in a certificate or other instrument filed in the Filing Office with respect to the Partnership, any Person dealing with the Partnership or the General Partners may always rely on a certificate signed by the General Partners hereunder:

- (1) as to who are the General Partners or Limited Partners hereunder,
- (2) as to the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by the General Partners or are in any other manner germane to the affairs of the Partnership,
- (3) as to who is authorized to execute and deliver any instrument or document of the Partnership,

(4) as to the authenticity of any copy of this Agreement and amendments thereto, or

(5) as to any act or failure to act by the Partnership or as to any other matter whatsoever involving the Partnership or any Partner.

Except as otherwise set forth in this Agreement and subject to the applicable Lender rules and regulations and the provisions of the Project Documents, the General Partners (acting unanimously for and on behalf of the Partnership), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Partnership business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Partnership. In furtherance and not in limitation of the foregoing provisions, the General Partners are specifically authorized and empowered to jointly execute and deliver, on behalf of the Partnership, any reimbursement agreement, multifamily note, acknowledgment, acceptance and agreement to intercreditor agreement, agreement to amend or comply, assignment of management agreement, exceptions to nonrecourse guaranty, amended and restated financing agreement, interest rate hedge assignment and security agreement, interest rate hedge reserve agreement, pledge, security and custody agreement, regulatory agreement and declaration of restrictive covenants, amended and restated remarketing agreement, multifamily deed of trust, assignment of rents, security agreement and fixture filing (California), Extended Use Agreement, special rider to security instrument, UCC-1 financing statement, environmental indemnity agreement, letter agreements/confirmations re interest rate caps or swaps, ISDA master agreements, tax certificate, reliance certificate, borrower certificate(s), and any and all other agreements, certificates, documents and instruments to be executed, acknowledged or delivered by the Partnership relating to the Bonds, the Mortgage, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto, as shall be required in connection with the Permanent Mortgage Loan, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith, and to execute all contracts, conveyances of title, loan documents, deeds of trust, agreements and any or all other matters and documents affecting or relating to the business of the Partnership. All decisions made for and on behalf of the Partnership by the General Partners shall be binding upon the Partnership. No person dealing with the General Partners shall be required to determine their authority to make any undertaking on behalf of the Partnership, nor to determine any facts or circumstances bearing upon the existence of such authority. As part of their obligations as General Partners, the Managing General Partner and the Co-General Partner shall take all actions on behalf of the Partnership that pertain to the acquisition of the Land, the admission of the Investor Limited Partner to the Partnership and the obtaining of the Permanent Mortgage Loans.

B. If there shall be more than one General Partner serving hereunder, each General Partner (subject to the provisions of Section 8.6) may from time to time, by an instrument in writing or by a provision in this Agreement, delegate his powers and authority hereunder to

another General Partner or General Partners to the extent stated therein. Such writing shall fully authorize such other General Partner to act alone without the requirement of any act or signature of the delegating General Partner and to take any action of any type and to do anything and everything which a General Partner may be authorized to take or do hereunder; and the delegating General Partner thereafter shall have no right, power or authority to act for the Partnership with respect to the powers or authority so delegated. No such delegation shall relieve the delegating General Partner of any of its duties or obligations under this Agreement or otherwise with respect to the Partnership.

C. The Managing General Partner shall be the “managing general partner” of the Partnership; as such term is used in Section 214(g) of the California Revenue and Taxation Code and as further defined in the rules and regulations (“Property Tax Rules”) of the California State Board of Equalization (the “BOE”), specifically, BOE Property Tax Rule 140.1(a)(10). Except as otherwise set forth in this Agreement, the Managing General Partner, within the authority granted to it under this Agreement, shall have material participation in the control, management and direction of the Partnership’s business for the purposes stated in Article III, and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so doing, the Managing General Partner shall take all actions necessary or appropriate to protect the interests of the Partners and of the Partnership. The Managing General Partner shall devote such of its time as is necessary to the affairs of the Partnership.

D. The Managing General Partner shall undertake the following substantial management duties on behalf of the Partnership:

(i) execute (together with the Co-General Partner) and deliver all Partnership documents on behalf of the Partnership;

(ii) Participate (together with the Co-General Partner) in hiring and overseeing the work of the Management Agent;

(iii) Participate (together with the Co-General Partner) in hiring and overseeing the work of all persons necessary to provide services to the Partnership for the management and operation of the Partnership business, including the Management Agent, auditors, attorneys and other professionals rendering services to the Partnership;

(iv) Execute (together with the Co-General Partner) and enforce all contracts executed by the Partnership;

(v) Prepare or cause to be prepared all reports to be provided to the Partners or Lenders consistent with the requirements of this Agreement or the Project Documents, as applicable; and

(vi) to provide any other service required under this Agreement.

E. The parties acknowledge that the savings contemplated by the exemption provided by Section 214(g) of the California Revenue and Taxation Code (“Property Tax Savings”) are necessary in order for the Partnership to meet its debt underwriting and financing assumptions, and therefore to keep the Property affordable to low-income tenants. The parties further acknowledge that the Partners would not undertake to develop the Property and provide

the affordable housing created by the Property unless the Property Tax Savings were available to help underwrite the Bond Loan. The Partners shall use their best efforts to maintain the Property Tax Exemption during the life of the Partnership.

F. In addition to the duties of the Managing General Partner specifically set forth above, to the extent not already designated as duties of the Managing General Partner in the Partnership Agreement, the Managing General Partner with the written Consent of all Partners may also undertake any or all of the following specific management duties:

- (i) acquire, hold, assign or dispose of property or any interest in property,;
- (ii) borrow money on behalf of the Partnership, encumber Partnership assets, place title in the name of nominee to obtain financing;
- (iii) prepay in whole or in part, refinance, increase, modify or extend any obligation;
- (iv) function as the federal and state tax matters person;
- (v) ensure that charitable services or benefits such as vocational training, educational programs, cultural activities, family counseling and/or linkages to health and/or social services are provided or information regarding charitable services or benefits are made available to the low income housing tenants;
- (vi) coordinate all present and future development, construction or rehabilitation of projects;
- (vii) maintain the Partnership books and records;
- (viii) maintain the Partnership bank account;
- (ix) pay organizational expenses incurred in creation of the Partnership and all operational expenses; and
- (x) maintain all required reserves.

(G) The Managing General Partner shall annually conduct a physical inspection of the Apartment Complex to ensure that the property is being used as a low income housing project meeting the requirements applicable to Low Income Housing Tax Credits and meeting all the requirements of the BOE and the Property Tax Rules for the Property Tax Exemption.

(H) The Managing General Partner shall submit on an annual basis a certification to the county assessor for Los Angeles County certifying that the Property meets all of the requirements of BOE and the Property Tax Rules applicable to the Property Tax Exemption.

(I) BOE Certification.

(i) Under BOE Property Tax Rule 140.2, a limited partnership in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company meeting the requirements of BOE Property Tax Rule 140.1 that owns low income

property for which it intends to claim the welfare exemption from real property taxes under California Revenue and Taxation Code Section 236 and 214(g) must file with the BOE an application for Supplemental Clearance Certificate (the "Supplemental Certificate") for each low income housing project. The application for Supplemental Certificate requires that the General Partners must certify, under penalty of perjury, the following (the "Supplemental Certification"):

(1) the acquisition, construction, development or operation of the Property, or any combination of these factors, is financed with low income housing tax credits or government financing as defined in BOE Property Tax Rule 140;

(2) there is an enforceable and verifiable regulatory agreement or recorded deed restriction as defined in BOE Property Tax Rule 140, that restricts all or a portion of the property's usage for rental to lower income households and the units designated for use by lower income households are continuously available to or occupied by lower income households at rents that do not exceed those prescribed by the terms of a regulatory agreement or recorded deed restriction, as defined in BOE Property Tax Rule 140, or to the extent that none are provided in the regulatory agreement or recorded deed restriction, at rents that do not exceed those prescribed by section 50053 of the California Health and Safety Code;

(3) funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units to be occupied by lower income households;

(4) the Managing General Partner meets the requirements of BOE Property Tax Rule 140.1; and

(5) all of the information provided as part of the application of Supplemental Certificate, including any accompanying statements or documents, is true, correct and complete to the best knowledge and belief of the person(s) signing the application.

(ii) The Supplemental Certificate will only be granted if the Managing General Partner has already been granted an Organizational Clearance Certificate by the BOE as required under California Revenue and Taxation Code Section 254.6. The application for the Supplemental Certificate is filed prior to the initial Property Tax Exemption filing and is not required to be filed thereafter. In addition, in lieu of submitting the Partnership's limited partnership agreement annually to the BOE for review, the Managing General Partner, on an annual basis, may file Forms BOE-267-L1 or BOE-267-L2 (the "Annual Certificate"). The Annual Certificate requires that the Managing General Partner certify, under penalty of perjury, that the Partnership's limited partnership agreement provides sufficient management authority and duties to qualify it as the managing general partner of the Partnership (the "Annual Certification").

(iii) The Partners have determined that, in order to obtain the Property Tax Exemption in the most timely and efficient manner, it is in the best interest of the Partnership that the General Partners file the Supplemental Certificate and, thereafter, that the Managing General Partner file the Annual Certificate in connection with the Partnership's annual claim for the Property Tax Exemption. The General Partners hereby agree to file the Supplemental

Certificate and related documentation with the BOE in compliance with applicable procedures. The Managing General Partner hereby agrees to annually file the Annual Certificate. The Limited Partners acknowledge that both the Supplemental Certificate and the Annual Certificate require that the Managing General Partner, and in the case of the Supplemental Certificate, the Co-General Partner, attest to certain matters related to the management of the Partnership under penalty of perjury. The Limited Partners agree to provide the General Partners, and the General Partners agree to provide each other, with all necessary information, documentation and/or certifications reasonably required by the General Partners in order to allow the General Partners to determine that the requirements of the Supplemental Certificate and Annual Certificate have been met.

(iv) In the event that the Managing General Partner no longer meets the definition of "managing general partner," as defined in BOE Property Tax Rule 140.1, or the Managing General Partner withdraws from the Partnership, the Partnership shall report such event to the BOE and the assessor of the county in which the Property is located no later than the next succeeding annual filing deadline for the welfare exemption claim.

Any savings to the Partnership and the Property attributable to the Property Tax Exemption shall be used to maintain the affordability of the units occupied by lower income individuals or otherwise passed on to low income tenants at the Property in accordance with all applicable provisions of Section 214(g) of the California Revenue and Taxation Code, as amended.

(J) The Managing General Partner will maintain records and documents evidencing the duties performed by the Managing General Partner ("Management Documents"). Such records and documents will include:

- (i) accounting books and records;
- (ii) tax returns;
- (iii) budgets and financial reports;
- (iv) reports required by Lenders;
- (v) documents related to the construction of the Property;
- (vi) legal documents such as contracts, deeds, notes, leases and deeds of trust;
- (vii) documents related to complying with government regulations and filings;
- (viii) documents relation to property inspections;
- (ix) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;
- (x) reports prepared for the Partners;
- (xi) bank account records

- (xii) audited annual financial statement of the Partnership; and
- (xiii) property management agreement.

To the extent that any such Management Documents are not within the control or possession of the Managing General Partner, the Co-General Partner agrees to provide or cause to be provided copies of such documents to the Managing General Partner upon written request from the Managing General Partner. The Co-General Partner and the Limited Partners shall have the right upon two (2) business days' notice, during reasonable business hours, to inspect all records and documents maintained by the Managing General Partner.

#### Section 6.5 Duties and Obligations

A. The General Partners shall promptly take all actions which may be necessary or appropriate for the completion of rehabilitation of the Property and the proper maintenance and operation of the Property in accordance with the provisions of this Agreement, the Project Summary attached hereto as Exhibit 3, the Property Documents, and applicable laws and regulations; and in compliance with the representations and warranties in Section 6.6 and any Mortgage requirements; and in a manner consistent with the fiduciary obligations of the General Partners under law. The General Partners shall devote to the Partnership such time as may be necessary for the proper performance of their duties. The General Partners shall cause the project architect and any inspecting architect to use only those Plans and Specifications approved in writing by the Special Limited Partner, and shall also make their best efforts to cause all reports and certifications prepared by the inspecting architect to be addressed directly to the Limited Partners.

B. The General Partners shall cause the Partnership to obtain and keep in force, during the term of the Partnership, comprehensive casualty insurance, including, but not limited to, "All-Risk" Property insurance, and Commercial General Liability insurance in favor of the Partnership (i) with such companies and in such amounts as shall be satisfactory to the Lenders, the Special Limited Partner and any Credit Agency, or, if the Property is no longer subject to Lender or Agency regulation or requirements, as shall be customary for apartment complexes similar to the Property, and (ii) in amounts which shall be no less than those amounts which are customary in the area for apartment complexes such as the Property and, in any event, sufficient to prevent the Partnership from becoming a co-insurer under any such policies.

In addition to the foregoing, the following specific coverage shall be maintained:

- (1) Construction Phase: During rehabilitation, the following insurance coverage must be maintained:
  - (a) Owner's Commercial General Liability Insurance: Insurance of the real estate development class in amounts not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate on a per location basis, with a maximum deductible of \$10,000. In addition, an Umbrella/Excess Liability policy is required in the amount of \$5,000,000 (1 through 10 stories) or \$10,000,000 (greater than 10 stories). If the project is new

construction (i.e. – not an acquisition/rehab) the Umbrella/Excess Liability policy in this Section 6.5B(1)(a) shall not be required.

- (b) All-Risk Builder's Risk Insurance: Providing coverage in an amount equal to 100% of completed construction value, with an agreed-value clause or no co-insurance, including rent loss or equivalent soft cost coverage in an amount equal to actual loss sustained or 12 months' gross income/rents. Policy must include a "Permission to Occupy" clause. For rehabilitation projects, the original building's value is to be included in the Builder's Risk policy or insured under a separate policy. Maximum deductible of \$25,000.
- (c) General Contractor's Commercial General Liability Insurance: Insurance of the construction exposure for not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate on a per project aggregate basis, including Products/Completed Operations. In addition, an Umbrella Liability/Excess Liability policy is required in the amount of \$5,000,000 (for structures 1 through 10 stories), or \$10,000,000 (11 or more stories). All policies in this paragraph shall name the Partnership and the Investor Limited Partner as an Additional Named Insured unless the Owners Umbrella/Excess Liability coverage in 6.5B(1)(a) above is purchased by the Partnership and endorsed to include construction related exposure.
- (d) General Contractor's Pollution Coverage: Minimum of \$5,000,000 required for substantial rehabilitation/renovation of existing structures, and/or if lead and/or asbestos is present on the Property. Policy shall provide defense and indemnity coverage for bodily injury, property damage, and environmental investigation and clean-up costs for pollution conditions arising from the General Contractor's operations.
- (e) General Contractor's Commercial Automobile Liability: covering all autos, vans or trucks used for business purposes, if any, in the amount of \$1,000,000 combined single limit for bodily injury/property damage
- (f) General Contractor's Workers' Compensation and Employer's Liability: Statutory limits for Workers' Compensation, and Employers Liability with limits of \$1,000,000.
- (g) Architect's Errors and Omissions Insurance: Insurance in an amount equal to the greater of \$1,000,000 or 10% of the construction contract amount, in a form satisfactory to the Special Limited Partner.
- (h) Civil Engineer's Errors and Omissions Insurance: Insurance in an amount equal to the greater of \$1,000,000 or 10% of the construction contract amount, in a form satisfactory to the Special Limited Partner.

- (2) Permanent Insurance: After Full Completion with respect to each building in the Property, the following insurance coverage must be maintained as to such building:
- (a) Owner's Commercial General Liability Insurance: Insurance in amounts not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate on a per location aggregate basis, with a maximum deductible of \$10,000. In addition, an Umbrella/Excess Liability policy is required in the amount of \$5,000,000 (1 through 10 stories) or \$10,000,000 (greater than 10 stories).
  - (b) Owner's "All-Risk" Property Insurance: Insurance on buildings and personal property in an amount not less than 100% of replacement value of such buildings and personal property, including Agreed Value clause or no co-insurance provision. Maximum deductible of \$25,000.
  - (c) Owner's Business Income/Rent Loss Insurance: Insurance in an amount equal to actual loss sustained or twelve (12) months' gross rental income.
- (3) Additional Owner/Partnership Coverage, if Applicable:
- (a) Ordinance and Law Coverage – required in the following amounts when the apartment complex represents a non-conforming use under current building, zoning or land-use laws or ordinances:  
 Loss of Undamaged Portion of the Building – full replacement cost of the structure with agreed-value clause  
 Demolition Cost – minimum 10% of the replacement cost  
 Increased Cost of Construction – minimum 10% of the replacement cost
  - (b) Boiler and Machinery Insurance – required when any centralized HVAC equipment is in operation at the property and/or when the apartment complex contains boilers or other pressure-fired vessels that are required to be regulated by the state in which the property is located.  
 Coverage = Full replacement cost of the building that houses the equipment  
 Deductible no greater than the deductible on the property insurance policy
  - (c) Sinkhole / Mine Subsidence – required when the apartment complex is located in an area that is prone to sinkhole/mine subsidence.  
 Coverage = 100% replacement costs
  - (d) ~~Windstorm Coverage – required if the "All-Risk" property damage insurance excludes wind-related events. Must include business income/rent loss coverage for a minimum of 12 months. May be issued~~

under a state-managed program if that is the only coverage that is available.

Coverage = 100% replacement costs or actual cash value

Maximum deductible = 5% of the total insured value

- (e) Flood Insurance – required if property is located in a 100 Year Flood Zone (special flood hazard area with a FEMA designation of Zone A or V). Coverage = 100% of the full replacement cost or, if that is unavailable, then the maximum amount of insurance available under the National Flood Insurance Program (NFIP). An excess Flood or Difference in Conditions (DIC) policy should provide for the difference, if any, between the maximum limit provided by NFIP policies and the full replacement cost.

Maximum deductible = 2% of the total insured value per building

- (f) Earthquake Insurance – required if property is located in an area prone to seismic activity (seismic zones 3 or 4) and Probable Maximum Loss percentage is greater than 20%. Projects located in areas prone to seismic activity need to be carefully evaluated for seismic risk. Each evaluation should include a determination of whether certain property risk factors exist on the property.

Coverage = 100% of the full replacement cost

Maximum deductible = 5% of the total insured value

- (g) Commercial Auto Liability – required on any cars, vans or trucks owned or leased by the owner/partnership for use at the apartment complex for business purposes, if any. Coverage = \$1,000,000 combined single limit bodily injury/property damage

- (4) Proof of Insurance: Insurance coverage must be evidenced by certificates of insurance on ACORD forms (ACORD 27 for casualty insurance, and ACORD 25 for general liability insurance). Properly endorsed policies certified as true and correct by the insurance agent must follow within 90 days of closing. All evidence of insurance must satisfy the following requirements: (a) the Partnership (rather than the General Partners or the Developer) should be the named insured; (b) policies must be written with a company carrying a minimum A.M. Best rating of “A” and a size rating of “VIII” or better; (c) all binders and policies should contain a cancellation clause stating that the policy will not be canceled or non-renewed without at least thirty (30) days prior written notice to the Partnership (may be 10 days notice for non-payment of premium only); (d) certificates must document policy coverage amounts, deductibles, and policy expiration dates for each type of insurance shown on the certificate; and (e) all binders and policies must be accompanied by evidence of premium payment.

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Other than those deductibles set forth above, no deductible shall be greater than \$10,000. The General Partners shall cause the applicable insurer to name the Investor Limited Partner and Special Limited Partner as “additional insureds” on each Partnership insurance policy. Prior to the expiration date for any such

Partnership insurance policy, the General Partners shall deliver to the Special Limited Partner a copy of the comparable new or replacement policy, including all endorsements thereto.

C. The General Partners shall obtain an owner's title insurance policy insuring title to the Property in favor of the Partnership in an amount (which amount is hereby agreed to be \$51,394,000 sufficient to cover the sum of the outstanding amount of all Mortgages, the Capital Contributions of all Partners and the anticipated Deferred Development Cost Payment (which policy shall include all endorsements requested by the Special Limited Partner, including without limitation, the so-called "non-imputation" and "Fairway" endorsements, as well as zoning (Form 3.1), owner's comprehensive (with mineral rights coverage, if applicable), blanket easement (if applicable), contiguity (if appropriate), subdivision, access, separate tax parcel, and survey endorsements) and be subject to no exceptions other than those referred to in Section 6.6(10).

D. The General Partners shall take such actions as are necessary to make the Partnership eligible for the Projected Credit (including without limitation, causing the Property to be rehabilitated, operated and managed in such a manner that the Property complies with all Project Documents, including but not limited to the Tax Credit Application, and complies with the requirements of the Credit Agency and, renting of all of the dwelling units as Low Income Units in accordance with the requirements of Section 42 of the Code and all rules and regulations thereunder). The Managing General Partners shall, on behalf of the Partnership, provide the tenants with an after school program and educational classes for a minimum of ten (10) years, as required pursuant to that certain Tax Exempt Reservation Letter issued by the Credit Agency dated September 26, 2007. The General Partners shall operate the Property such that the right of each tenant to occupancy of a dwelling unit shall be pursuant to an agreement and for a charge which shall be separate from the agreements and charges for the right of such tenant to receive any services or any other benefits, and no tenant shall be required to receive or pay for any of such other benefits as a condition of occupancy. Upon not less than three (3) days prior written notice, the General Partners shall cause the Partnership and the Management Agent to make available, to representatives of the Special Limited Partner at the offices of the Management Agent during regular business hours (or, at the option of the Special Limited Partner, to send copies of such documents to the Special Limited Partner), all tenant files and leasing practices and procedures relating to the Property for review of compliance with Section 42 of the Code and the rules and regulations there under, the Property Documents, rules and policies of the Credit Agency and applicable file maintenance procedures. The General Partners will cause the Management Agent to cure promptly all deficiencies in the tenant files or practices and procedures identified by the Special Limited Partner. The General Partners shall notify the Special Limited Partner immediately if they become aware of any material opposition by community residents or governmental authority to (or material investigation of) the Property, the General Partners, Developer, the Guarantors or any Affiliates thereof that would have a material adverse effect on the Property, the Partnership or its Partners.

E. The General Partners shall elect to commence the Credit Period for each building including Low Income Units at the time such building is placed in service, except that, upon the written request of the Special Limited Partner, the General Partners shall elect, for any building in which all Low Income Units are not occupied by Qualified Tenants by the end of the calendar year in which such building is placed in service, to defer commencement of the Credit Period for such building to January 1 of the next year.

F. The General Partners shall (i) not store (except in compliance with applicable

Hazardous Waste Laws) or dispose of any Hazardous Material at the Property, or (with respect to the Co-General Partner only) at or on any other Facility or Vessel owned, occupied, or operated by the Co-General Partner or any Person for whose conduct the Co-General Partner is or was responsible; (ii) not transport or arrange for the transport of any Hazardous Material (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Special Limited Partner with written notice (x) upon any General Partner's obtaining actual knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Property or any other Facility or Vessel owned, occupied, or operated by any General Partner or any Person for whose conduct any General Partner is or was responsible or whose liability may result in a lien on the Property; (y) upon any General Partner's receipt of any notice to such effect from any Federal, state, or other governmental authority; and (z) upon any General Partner's obtaining knowledge of any incurrence of any expense or loss by any such governmental authority in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Property; and (iv) indemnify and hold harmless the Partnership and the other Partners against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by any of said indemnitees (including reasonable attorneys' fees, fines, damages and similar payments) in connection with the violation by the General Partners of any of the foregoing covenants in connection with the Property or with the presence of any Hazardous Material at the Property.

G. At any time following the end of the Compliance Period, the General Partners shall have the right in their sole and absolute discretion to sell the Property at a price equal to the fair market value (as determined in Section 6.5H below); provided, however, any such sale pursuant to this Section 6.5G shall require that the Investor Limited Partner receive at a minimum the Put Option price pursuant to Section 6.5.I hereof. The Capital Transaction Proceeds resulting from any such sale shall be distributed to the Partners in accordance with Section 5.2B hereof.

H. The Co-General Partner shall have the right to purchase the Property during the one (1) year period immediately following the Compliance Period, at a price equal to fair market value, as determined below. In the alternative, the Co-General Partner shall have the right during this one (1) year period to purchase the Interests of any of the Limited Partners for a price equal to the amount such Limited Partners would have received pursuant to Section 5.2B if the Property were sold at fair market value.

The Co-General Partner and the Special Limited Partner shall use reasonable efforts to agree upon the fair market value of the Property. If the Co-General Partner and the Special Limited Partner fail to reach agreement as to the fair market value within thirty (30) days after the Co-General Partner notifies the Special Limited Partner in writing of its intention to purchase the Property pursuant to this Section 6.5G, the General Partners and the Special Limited Partner shall each appoint an MAI appraiser within the following thirty (30) days; the two appraisers shall then appoint a third MAI appraiser within the following ten (10) days; each of the appraisers shall determine the fair market value of the Property, which determinations shall be made within thirty (30) days after the appointment of the third appraiser. "Fair Market Value" for purposes of this Section 6.5.G shall then be the fair market value agreed upon by the Co-General Partner and the Special Limited Partner, or, in the absence of such agreement, the average of the three determinations of the appraisers. The Co-General Partner shall tender the purchase price, payable in cash in full at the closing, within 60 days after the determination of the Fair Market Value.

I. Unless the Co-General Partner shall have exercised its option in Section 6.5H, for the twenty-four (24) month period following the end of the Compliance Period, the Investor Limited Partner shall have the option to force a sale of its limited partnership interest (the "Put Option") to the Co-General Partner for an amount determined by the Accountants, which is sufficient to pay: (a) any unpaid Credit Recovery Loans, any Adjustment Amounts due, any loans or other advances made by the Investor Limited Partner and any and all other amounts then owing to the Investor Limited Partner under this Agreement, (b) to the Investor Limited Partner cash proceeds sufficient to enable the Investor Limited Partner to pay, on an after-tax basis, any taxes that would be imposed on the Investor Limited Partner if the Property were sold for an amount equal to the outstanding indebtedness secured by the Property and the Partnership was dissolved in the same tax year, including all taxes projected to be imposed on the Investor Limited Partner as a result of the sale pursuant to the Put Option.

J. The General Partners shall operate the Partnership and the low income portion of the Property strictly in accordance with the Tax Credit Application and all rules and regulations promulgated by the Credit Agency, including without limitation, the California qualified allocation plan.

K. By written notice delivered to the Special Limited Partner by certified or registered mail or by overnight courier (with proof or receipt) at least three (3) weeks in advance, the General Partners will invite the Limited Partners, and their investors and representatives, to attend any groundbreaking, ribbon-cutting or other public relations ceremony or event for the Property or Partnership, and shall duly recognize the Limited Partners, and their investors and representatives, at such ceremony or event. The Limited Partners and their Affiliates have the right to advertise, announce, publish and otherwise disclose the completion of this transaction, including without limitation, the Property name, location, Investor Limited Partner Capital Contribution amount, financing terms and other pertinent transaction information.

L. The General Partners shall be responsible for organizing the Partnership, causing the Partnership to acquire the Property, processing necessary documents with the Credit Agency in connection with the Tax Credits, arranging the Permanent Mortgage Loan financing for the Property and arranging for the admission to the Partnership of the Investor Limited Partner. In consideration for their services set forth in this Section 6.5.L, the General Partners have received their interest in the profits of the Partnership as set forth in Section 5.1.

M. In the event of a default by the General Partners in the performance of any of their obligations under this Agreement, then the amount in default shall be offset against all payments from the Partnership to the General Partners, including repayments of loans, returns of Capital Contributions and payments of fees. Nothing in Sections 6.7 or 6.8 shall have the effect of relieving the General Partners of any liability for any of their obligations set forth in this Agreement.

N. [Intentionally omitted.].

O. On or before the date which is twenty (20) days after Full Completion, the General Partners shall deliver to the Special Limited Partner a radon gas test measurement report and conclusion for each building in the Property, unless the Property is located in a county in the lowest risk EPA radon map Zone 3. The radon report shall have been prepared by a radon service professional (a) who meets the requirement of the State, if any, for providing such radon reports, and (b) who has a proficiency listing, accreditation, or certification in radon test

measurement from either (1) the National Environmental Health Association (NEHA) National Proficiency Program or (2) the National Radon Safety Board (NRSB). If the radon report demonstrates that the radon gas level for any building in the Property exceeds the EPA standard for radon action or remediation then in effect (which standard is currently four Pico curies per liter), the General Partner within sixty (60) days after receipt of such report, shall cause the Partnership to install a radon mitigation system or take such other mitigation measures recommended by the radon report, and shall provide to the Special Limited Partner within fifteen (15) days after the implementation of such mitigation system and/or measures, a follow-up radon report which confirms the effectiveness of such measures.

P. The General Partner shall cause all leases for dwelling units in the Property to contain a provision obligating the tenant to notify the Management Agent immediately of any suspected water leaks, moisture problems, or mold in the dwelling unit or common areas of the Property.

Q. The General Partner shall on behalf of the Partnership, agree to contract with the Construction Consultant to perform an 11-month warranty review of the Property, and to issue a written report thereof. The General Partner shall provide a copy of such report to the Special Limited Partner within ten (10) days of its receipt thereof. The General Partner agrees to diligently pursue remediation of any adverse findings of such report with the General Contractor prior to expiration of the warranty period.

#### Section 6.5.1. Additional Managing General Partner Provisions

A. The Managing General Partner may delegate all or any of its powers, rights and obligations hereunder to the Co-General Partner, and may appoint, employ, contract or otherwise deal with the Co-General Partner for the transaction of the business of the Partnership. The Co-General Partner may, under the supervision of the Managing General Partner, perform any acts or services for the Partnership as the Managing General Partner may approve; provided, however, such delegation does not excuse the Managing General Partner from overseeing and supervising on an ongoing basis the activities delegated. The Managing General Partner may not delegate any of its powers, rights and obligations hereunder to a party other than the Co-General Partner without the prior written consent of the Co-General Partner. If the Managing General Partner elects to delegate one or more of its substantial management duties under Section 6.4D, the Managing General Partner shall retain such records as are reasonably required to demonstrate that it is actually supervising the performance of the delegated duties.

B. Subject to the continued oversight and supervision of the Managing General Partner, the Co-General Partner shall be responsible and shall have the authority for the financing and construction of the Property and for its timely completion, and shall be responsible for overseeing the Contractor pursuant to the Construction Contract and overseeing the Developer pursuant to the Development Agreement.

C. Subject to the continued oversight and supervision of the Managing General Partner, the Co-General Partner shall be responsible and shall have the authority by its sole signature for the execution and enforcement of those ordinary and necessary contracts and agreements pertinent to the Partnership provided however that the Managing General Partner shall execute and enforce the material agreements of the Partnership including the Partnership Agreement and the Project Documents.

D. Subject to the continued oversight and supervision of the Managing General

Partner, the Co-General Partner shall be responsible and shall have the authority to determine the amount and timing of distributions of Cash Flow, excess Development Funds, or other cash sources;

E. The Managing General Partner will consult with and advise the Co-General Partner in all respects relating to the management of the Partnership and the Property, including, but not limited to: (i) hiring of all necessary personnel, (ii) assistance with the supervision of the construction of the Property delegated to the Co-General Partner and participation in the resolution of issues which may arise in connection therewith, (iii) coordination with the Inspecting Architect, if any, and the Contractor during any construction of the Property, (iv) the marketing activities of the Property, (v) leasing of the Property, (vi) licensure if necessary, (vii) collection of charges and other receipts, (viii) enforcement of agreements, (ix) management of employees, if any, (x) preparation of budgets, records and reports, and (xi) compliance with governmental orders.

F. In the event this Agreement provides for an action on the part of the General Partners requiring a vote of a majority in interest of the General Partners to effect such action ("Major Decision"), the General Partners shall each vote on such matter in accordance with their Percentage Interest. A General Partner requesting a Major Decision shall give the other General Partner written notice of any Major Decision and the other General Partners shall provide their approval or disapproval of the Major Decision within fourteen (14) days after receipt of such notice unless an emergency event shall have occurred in which event the General Partner shall provide such notice as is reasonable under the circumstances.

G. Commencing on September 1, 2008, the Partnership is hereby obligated to pay the Investor Limited Partner as liquidated damages \$50,000 per month for each month that the Partnership has failed to receive from the City of Los Angeles a properly approved stamped tentative map (without conditions or subject only to those conditions acceptable to the Special Limited Partner in its sole and absolute discretion) subdividing the subdivision of the Property into three (3) condominium units. Any amounts owed hereunder shall be deemed to be a loan made by the Investor Limited Partner to the Partnership and repaid on a monthly basis from Cash Flow pursuant to Section 5.2A(3) no later than the fifth (5<sup>th</sup>) day of the month following a month in which the tentative map was not received, with the first payment being due on January 5, 2009 (assuming the tentative map was not received prior to December 31, 2008). Such obligation shall terminate upon the receipt from the City of Los Angeles a properly approved stamped tentative map (without conditions or subject only to those conditions acceptable to the Special Limited Partner in its sole and absolute discretion).

#### Section 6.6 Representations and Warranties

The Managing General Partner, to the extent of its actual knowledge, and the Co-General Partner, severally but not jointly, hereby represent, warrant and covenant to each Limited Partner that as a condition to the payment of each Installment as provided in Section 4.1.B, the following are true and will be true on the due date for payment to the Partnership of each of such Installments, and that they will use their best efforts to maintain the truth of such representations and warranties which are then applicable to the Partnership at all other times (except as otherwise provided):

(1) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all filing requirements necessary to maintain the limited liability of the Limited Partners in the manner provided in Section 3.5.

(2) Each of the General Partners is a duly organized entity validly existing under the laws of the State.

(3) Rehabilitation of the Property will be or has been completed in substantial conformity with the Property Documents.

(4) All Development Costs (other than the Development Services Fee) will be paid or provided for by, or for the account of, the Partnership utilizing only those sources of funds referred to in Section 6.9.

(5) To the actual knowledge of the General Partners, no event, occurrence or proceeding is pending or threatened which would (a) materially adversely affect the Partnership or its properties, the General Partners, the Guarantors or any Affiliate thereof, (b) materially adversely affect the ability of the General Partners, the Guarantors or any Affiliate to perform their respective obligations hereunder or under any other agreement with respect to the Partnership or the Property, or (c) prevent the completion of construction of the Property in substantial conformity with the Property Documents. This subparagraph shall be deemed to include, but not be limited to, the following: (x) legal actions or proceedings before any court, commission, administrative body or other governmental authority having jurisdiction over the zoning applicable to the Property, (y) labor disputes and (z) acts of any governmental authority.

(6) No material default (or event which, with the giving of notice or the passage of time or both, would constitute a material default) has occurred and is continuing on the part of the General Partners under this Agreement or on the part of the General Partners or the Partnership under any of the Property Documents or any other agreement affecting the Property, the same are in full force and effect, and no default by the Partnership, the General Partners or an Affiliate under any of the Property Documents has been asserted by any party thereto.

(7) The Property is being operated in compliance with the requirements of this Agreement and the Property Documents, including without limitation the requirements of Section 6.5.C hereof.

(8) Except to the extent permitted under Section 6.13.B, if any, no Partner or Related Person of a Partner of the Partnership has any personal liability or otherwise bears the Economic Risk of Loss with respect to the payment of principal or interest with respect to the debt evidenced by any of the Mortgages, except for the Bond Loan prior to conversion.

(9) There is no material violation by the Partnership or the General Partners of any zoning, environmental or similar regulation applicable to the Property; all necessary building and other applicable permits have been obtained or will be timely obtained to permit the construction of the Property; all permits necessary to operate the Property for its intended use have been obtained or will be timely obtained; and the Partnership has complied with all applicable municipal and other laws, ordinances and regulations relating to such construction and use of the Property.

(10) The Partnership owns the fee simple interest in the Property, subject to no material liens, charges or encumbrances other than the Permitted Loans and those which (a) are both permitted by the Property Documents and noted or excepted on Schedule B of the owner's title insurance policy/commitment no. T08630160 effective October \_\_, 2007, issued by Stewart Title of California and (b) do not materially interfere with the use of the Property or any part thereof for its intended purpose or have a material adverse effect on the value of the

Property.

(11) All appropriate and material roadways and public utilities, including, without limitation, sanitary and storm sewers, water, telephone and electricity, are available to the Property, and easements required in connection therewith have been or will be timely obtained and filed of public record.

(12) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership or the Property by each General Partner and each Affiliate of a General Partner which is a partnership, a limited liability company or a corporation have been or will be duly authorized by all necessary action by such Entity and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the partnership agreement, operating agreement, charter, by-laws or comparable organizational documents of said Entity or any agreement by which such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree.

(13) To the best of the General Partners' knowledge, the financial assumptions upon which the financial forecast attached hereto as Exhibit 2 are based, are reasonable and based upon information currently available.

(14) The Partnership is not liable (nor has any claim been made against it) for any expense, debt, cost, liability or other charge other than costs incurred in connection with the acquisition, construction and development of the Property, operating expenses arising in the normal course of business and those relating to the Permitted Loans.

(15) Prior to closing of the Permanent Mortgage Loan, the commitment for the Permanent Mortgage Loan is in full force and effect and no circumstance has occurred or is likely to occur which would permit the Permanent Mortgage Lender to not fund the Permanent Mortgage Loan.

(16) The Partnership shall have either elected to fix the "applicable percentage" pursuant to Section 42(b)(2)(A)(ii)(II) of the Code or shall have established the "applicable percentage" as to each building comprising the Property as of the date such building is placed in service as provided in Section 42(b)(2)(A)(i) of the Code.

(17) No Event of Bankruptcy has occurred with respect to any General Partner, any Guarantor or any Affiliate of a General Partner.

(18) None of those Persons named in Section 3.1 hereof as General Partners have Retired other than as permitted in Section 8.1, no grounds for removal of a General Partner pursuant to Section 8.6 exist, and no grounds for termination of the Management Agent or the General Contractor pursuant to Section 6.12 and Section 7.10, respectively, exist.

(19) No Lender approval is required (or, if required, such approval has been obtained) with respect to the execution or delivery of this Agreement or the admission to the Partnership of the Limited Partners.

(20) No Person or Entity holds any equity interest in the Property other than the Partnership.

(21) The Partnership has the sole responsibility to pay all maintenance and operating costs, including all taxes levied and all insurance costs, attributable to the Property.

(22) The Partnership, except to the extent it is protected by insurance and excluding any risk borne by Lenders, bears the sole risk of loss if the Property is destroyed or condemned or there is a diminution in the value of the Property.

(23) No Person or Entity except the Partnership has the right to any proceeds, after payment of all indebtedness, from the sale, refinancing or leasing of the Property.

(24) The Property does not receive assistance under the HUD Section 8 Moderate Rehabilitation Program.

(25) The fair market value of the Property on an as completed basis is anticipated to exceed the total amount of indebtedness, including accrued interest thereon, encumbering the Property and is expected to do so throughout the term of such indebtedness, and the Permanent Mortgage Loan has a fixed maturity date which is prior to the end of the anticipated economic life of the Property.

(26) At least 50% of the aggregate basis of each building of the Property and the land (excluding the basis of the Property and the land attributable to the commercial space and the market rate residential units) on which such building is located (as provided in Section 42(h) (4) of the Code) will be financed by proceeds of tax exempt bonds under Section 103 of the Code which were issued under the volume limitations pursuant to Section 146 of the Code and which will be redeemed as set forth in the Bond Documents.

(27) The General Partners shall cause the Partnership to conduct its affairs in a manner such that at all times during the term of this Agreement the interest on the Bonds will not be includible in the gross income of the holders of the Bonds for Federal income tax purposes so long as such holder is not a "substantial user" of the Property within the meaning of Regulation Section 1.103-11(b).

(28) The Tax Exempt Reservation Letter showing the feasibility amount in the aggregate amount of \$1,739,071 per annum for the Property has been obtained by the Partnership from the Credit Agency and is in full force and effect.

(29) Unless a waiver has been obtained from the Credit Agency and subject to the Consent of the Special Limited Partner, the Partnership is operating and will operate itself and the Property strictly in accordance with the Tax Credit Application, and all rules and regulations promulgated by the Credit Agency, including without limitation, the California qualified allocation plan.

(30) The Property is located in an area designated as a "Qualified Census Tract" or "Difficult to Develop Area" by the United States Department of Housing and Urban Development for the purposes of computing the Eligible Basis of the Property.

(31) The factual information contained in the Property Summary set forth as Exhibit 4 hereto is accurate and complete in all material aspects.

(33) The General Partners confirm that: (a) all categories of amounts included in the determination of Eligible Basis as set forth in the Financial Forecast attached hereto as Exhibit 2

are of the best of their knowledge properly includable pursuant to the Code and Internal Revenue Service rulings; and (b) all land preparation costs and impact fees included in Eligible Basis are inextricably associated with depreciable assets of the Partnership.

(34) Based upon the experience and judgment of its principals, the General Partners certify that: (a) the value and magnitude of the services being rendered by the Developer to the Partnership in connection with the development of the Property and pursuant to the Development Agreement are such that the amount of the Development Services Fee is customary of the fees provided for similar affordable projects in the community and to the best of their knowledge are fair and reasonable; (b) to the best of their knowledge, that portion of the Development Services Fee that is included in Eligible Basis, including that portion of the payment which is deferred, is properly includable in Eligible Basis under the Code and Internal Revenue Service rulings; and (c) they shall provide to the Accountants and to the Special Limited Partner, promptly upon their request, such written documentation as is reasonably required by the Accountants and/or the Special Limited Partner, in order to verify the determination of Eligible Basis, including documentation supporting the allocation of any costs incurred by the Partnership into the determination of Eligible Basis.

(35) No building constituting part of the Property was previously placed in service during the ten year period prior to its acquisition by the Partnership

(36) No building constituting part of the Property was previously placed in service by the Partnership or by any "related" person with respect to the Partnership within the meaning of Section 42(d)(2)(B)(iii) of the Code

(37) Either (a) rehabilitation expenditures with respect to each building of the Property allocable to low income units during a twenty-four month period ending within the taxable year in which such building is deemed to be placed in service for purposes of Section 42 of the Code are (or will be) equal to or greater than the greater of \$3,000 per low income unit or 10% of the unadjusted basis of the building or (b) rehabilitation expenditures with respect to each building of the Property allocable to low income units during a twenty-four month period ending within the taxable year in which such building is deemed to be placed in service for purposes of Section 42 of the Code are (or will be) equal to at least \$3,000 per low income unit and the building was acquired from a governmental unit.

(38) Immediately after the Admission Date, the General Partners shall begin the process of condominiumizing the Property into three (3) separate condominiums for purposes of achieving a 100% applicable fraction and shall use best efforts to (a) receive a properly approved stamped tentative map (without conditions or subject only to those conditions acceptable to the Special Limited Partner in its sole and absolute discretion) subdividing the Property prior to December 31, 2008 and (ii) have the final condominium map finally approved and recorded prior to July 1, 2009.

All of the representations and warranties contained herein shall survive the Closing Date and one (1)-year following the funding date of each Capital Contribution made by the Investor Limited Partner (the "Survival Date"), except with respect to (1) those representations and warranties made in clause (9) hereof (which shall survive until the dissolution and liquidation of the Partnership), and (2) a warranty or representation that expressly provides otherwise.

### Section 6.7 Liability

The General Partners shall indemnify and hold harmless the Partnership and the other Partners against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by any of said indemnitees (including reasonable attorneys' fees, fines, damages and similar payments) in connection with the Partnership, provided, however, that no General Partner or Affiliate shall be liable, responsible or accountable for damages or otherwise to the Partnership or any Partner for any act performed under this Agreement or for any failure to act, on its own part or that of any of its Affiliates, if such course of conduct did not constitute willful misconduct, gross negligence, material misrepresentation or material breach of fiduciary duty to the Limited Partners and such General Partner or Affiliate reasonably believed in good faith that such course of conduct was in the best interest of the Partnership and the Partners.

Notwithstanding anything to the contrary set forth in this Agreement, any related agreement or any other agreements between the parties, written or oral, the liability of the Managing General Partner to the Limited Partners or to the Partnership, or to any third party, in all instances hereunder and under any related agreement or any other agreements between the parties shall be limited solely to the interest of the Managing General Partner in the Partnership including any interest the Managing General Partner may now have or in the future may have or any right to payment (now or in the future) of any fees, distributions or other items of compensation under this Agreement or the Project Documents. The liability of the Managing General Partner hereunder shall not, in any event, extend to, or be enforceable against any other assets of the Managing General Partner or any officers, directors, employees, or representatives of the Managing General Partner.

### Section 6.8 Indemnification

A General Partner and its Affiliates shall be indemnified and held harmless by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them (including reasonable attorneys fees, fines, damages and similar payments) in connection with the Partnership, provided that the same were not the result of a course of conduct constituting willful misconduct, gross negligence, material misrepresentation or material breach of fiduciary duty.

Notwithstanding the above, a General Partner, its Affiliates and any Person acting as a broker-dealer in connection with the offering and sale of interests in the Partnership shall not be indemnified by the Partnership for any losses, liabilities or expenses arising from or out of an alleged violation of Federal or state securities laws unless (1) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee; or (2) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; or (3) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee.

In any claim for indemnification for Federal or state securities law violations, the party seeking indemnification shall place before the court the position of the Securities and Exchange Commission with respect to the issue of indemnification for securities law violations.

The Partnership shall not incur the cost of the portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is

herein prohibited.

Any indemnity under this Section 6.8 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof.

#### Section 6.9 Development Completion Obligation

A. Pursuant to the Development Agreement, the Developer is obligated (the "Development Completion Obligation") to cause Full Completion to be achieved by December 31, 2009 for a fixed turnkey price of no greater than \$53,731,405 (the "Guaranteed Development Cost"). The Co-General Partner guarantees to the Partnership and the other Partners the Development Completion Obligation of the Developer. In addition, the Co-General Partner hereby agrees to pay any costs (the "GP Costs") necessary for the Partnership (i) to acquire the Land, (ii) to record the final approved condominium map effectively subdividing the Property into three (3) condominium units, (iii) to obtain the Basis Certification, (iv) to achieve Stabilized Occupancy, (v) to pay all Operating Expenses and Debt Service in excess of Operating Revenues attributable to the period ending on Stabilized Occupancy, (vi) to fund all reserves and escrows necessary to close the Permitted Loans and to fund the Operating Reserve, (vii) to reduce the principal amount of the Bond Loan to its permanent phase amount, if required, to the extent Development Funds are insufficient for such purpose, (viii) to remedy any defects in the construction of the Property or variance in construction from the Plans and Specifications which in each case are or should have been discovered within one (1) year after initial occupancy of all of the dwelling units. The Developer shall have no responsibility for the acquisition of the Property, the organization of the Partnership, the syndication of interests in the Partnership or the payment of the costs set forth in the immediately preceding sentence, all of which shall be the responsibility of the General Partner, in consideration for which the General Partner has received its interest in the Partnership.

B. All funds (collectively "Development Funds") constituting the proceeds of Permitted Loans and the Capital Contributions paid by or on behalf of the Investor Limited Partner shall first be applied to enable the Partnership to acquire the Land then to pay when due all payments and expenses required to satisfy the Development Completion Obligation and then to pay the GP Costs or to reimburse the Co-General Partner for such GP Costs. If Development Costs due at any time exceed available Development Funds, then such excess Development Costs shall be paid from funds which the Developer shall be required to furnish promptly to meet such Development Costs, and such funds shall be returned to the Developer from any Development Funds which thereafter become available. If Development Funds are not sufficient to return all funds to the Developer, then the shortfall shall be treated as follows: (a) To the extent that total Development Costs exceed the Guaranteed Development Cost, such excess shall be born and absorbed solely by the Developer as part of its Development Completion Obligation except that any such excess cost which constitutes additional Eligible Basis shall be repaid to the Developer or the Guarantors as a Deferred Development Cost Payment; and (b) to the extent that Development Funds are less than the Guaranteed Development Cost, then the shortfall shall be repaid to the Developer or the Guarantors as a Deferred Development Cost Payment. If the Accountants determine upon the achievement of Stabilized Occupancy that Development Funds exceed the actual Development Costs incurred by the Partnership, then such excess shall be paid to the Co-General Partner as an Incentive Lease-Up Fee pursuant to Section 5.2A hereof.

#### Section 6.10 Operating Expense Obligation

If the Partnership incurs an Operating Deficit (determined after deferral of payment of the Base Management Fee required pursuant to Section 6.12.C) attributable to any time following Stabilized Occupancy and which cannot be met from funds available in the Operating Reserve, then such Operating Deficit shall be paid from advances ("Operating Deficit Loans") which the Co-General Partner shall be required to make to the Partnership, provided that (i) Operating Deficit Loans shall be made only to pay Operating Deficits attributable to the period (the "Operating Deficit Period") (1) commencing on the achievement of Stabilized Occupancy and (2) ending on the later of the third (3rd) anniversary of Stabilized Occupancy or the last day of a period of four consecutive calendar quarters (which must be no earlier than the last four calendar quarters ending on or prior to such anniversary) during each of which Stabilized Occupancy has occurred, and (ii) the General Partners shall not be obligated to make an Operating Deficit Loan to the extent that such Operating Deficit Loan would cause the aggregate principal amount of Operating Deficit Loans then outstanding to exceed \$1,411,450 (the "Operating Deficit Loan Cap"). Operating Deficit Loans shall not bear interest and shall be repayable only to the extent provided in Section 5.2A and 5.2B hereof.

Notwithstanding anything in this Section 6.10 to the contrary, the Co-General Partner shall be obligated to fund Operating Deficits in excess of the Operating Deficit Loan Cap incurred during any year of the Operating Deficit Period to the extent the Property's commercial income for the year in which the Operating Deficit occurred exceeds the commercial rent for such year under the Master Lease ("Excess Commercial Income"). In addition, commencing after the end of the Operating Deficit Period and continuing throughout the Compliance Period, the Co-General Partner shall be obligated to fund Operating Deficits in any fiscal year to the extent of Excess Commercial Income in such year. Any advances made pursuant to this paragraph shall be treated as an Operating Loan.

#### Section 6.11 Development Services

A. The Partnership has engaged the Developer, pursuant to a Development Services Agreement dated as of October 1, 2007 (the "Development Agreement") to perform, or to engage and supervise others to perform services in connection with the negotiating, coordinating and supervising the planning, architectural, engineering and construction activities necessary to complete construction of the Property in accordance with the Plans and Specifications. To the extent of any conflict between this Agreement and the Development Agreement, the provisions of this Agreement shall control. The Partnership shall pay to the Developer the Development Services Fee of \$2,500,000 in return for such services, which Development Services Fee shall be capitalized to the depreciable basis of the Property. The Development Services Fee shall be increased or decreased as permitted or required by the Credit Agency, provided, however, (i) the total Development Services Fee shall not exceed the amount permitted by the State's qualified allocation plan, (ii) no portion of the Development Services Fee shall be based on costs incurred after Full Completion, and (iii) the final amount of the Development Services Fee shall be determined no later than the end of the first year of the Credit Period. The Development Services Fee shall be earned as development of the Property progresses and shall be fully earned no later than Full Completion. Notwithstanding the foregoing, however, in the event that, as of the last day of the first year of the credit period with respect to the first Building in the Property, the percentage of the aggregate basis of the land and buildings (including site improvements) of the Property funded from the tax-exempt bond proceeds of the Permanent Mortgage Loan would

be less than 50% (as determined by the Accountants for purposes of Section 42(h)(4)(B) of the Code), the amount of the Development Services Fee set forth above shall be reduced to the extent necessary to assure that such percentage will be not less than 50% as of such date.

B. None of the Development Services Fee shall be paid upon the Admission Date. The balance of the Development Services Fee forecasted to be paid from Development Funds in the Financial Forecast shall be paid from Development Funds no sooner than Stabilized Occupancy and after payment of all other Development Costs. Any unpaid Development Services Fee remaining after disbursement of all Development Funds shall be a deferred payment obligation of the Partnership (the "Deferred Development Cost Payment"), shall bear interest at a rate equal to six percent (6%) per annum and shall be repaid only from Cash Flow set forth in 5.2 and shall be paid in full no later than the 13th anniversary of Full Completion. In the event the Deferred Development Cost Payment is not paid in full by the thirteenth (13<sup>th</sup>) anniversary of Full Completion, the General Partner shall make a Capital Contribution to the Partnership in the amount of the outstanding Deferred Development Cost Payment, and the Partnership shall pay such amount to the Developer to be applied to the Deferred Development Cost Payment.

#### Section 6.12 Property Management

A. The General Partners shall have overall responsibility for managing the Property and obtaining a Management Agent. The General Partners shall cause the Partnership, prior to commencement of operation of the Property, to enter into a Management Agreement with Logan Property Management of San Diego, California, to serve as the Management Agent. The Management Agreement shall be terminable at any time on no more than 30 days notice by the Partnership for cause ( which shall include without limitation (a) the failure at any one time of two or more of the dwelling units in the Property to meet the requirements for a Low-Income Unit, (b) the existence at the Property of a building code violation which is not timely cured within 7 days, (c) the failure by the Management Agent to comply with any applicable compliance rule and/or reporting requirement under Section 42 of the Code which is not timely cured within 30 days, (d) the Management Agent's willful misconduct or gross negligence, (e) the occurrence of an Operating Deficit for any period of six (6) consecutive months (or twelve (12) months provided the Managing General Partner is funding such deficits in months seven (7) through (12)) commencing on or after six months after Full Completion, (f) the Retirement of a General Partner or the occurrence of an Event of Default as to a General Partner as provided in Article VIII, (g) the transfer of the controlling interest in the Management Agent, or (h) the failure to collect, organize, and disseminate information necessary to produce timely reports as required under Section 7.4). Upon the occurrence of an event which would constitute cause for termination, the General Partners shall forthwith give notice of such event to the Limited Partners and thereafter the General Partners shall forthwith cause the Partnership to terminate the Management Agreement with the Management Agent, unless the General Partners obtain the Consent of the Special Limited Partner to the retention of the Management Agent as the manager of the Property. If the Management Agreement is terminated as aforesaid or for any other reason, the General Partners shall immediately proceed to select a new Management Agent for the Property, which selection shall be subject to the Consent of the Special Limited Partner. Each General Partner hereby grants to the Special Limited Partner an irrevocable (to the extent permitted by applicable law) power of attorney coupled with an interest to take any action and to execute and deliver any and all documents and instruments on behalf of such General Partner

and the Partnership as the Special Limited Partner may deem to be necessary or appropriate in order to effectuate the provisions of this Section 6.12. Subject to Credit Agency and/or Lender approval, if required, the Partnership shall not enter into any future management arrangement or renew or extend any existing management arrangement unless such arrangement is terminable without penalty upon the occurrence of the events described in this Section 6.12.

B. The Partnership shall not enter into any Management Agreement which does not provide for payment of the Base Management Fees under the circumstances set forth in Section 6.12.C (or that provides for payment of a Base or Supplemental Management Fee in excess of the amounts permitted in this Agreement) or that does not provide for termination by the Partnership (a) under the circumstances set forth in Section 6.12.A, (b) in the event of other malfeasance or nonperformance on the part of the Management Agent, or (c) upon the Retirement from the Partnership in violation of Section 8.1 of any General Partner as to whom the Management Agent is an Affiliate. Notwithstanding the foregoing, the Partnership shall not terminate any Management Agreement, whether for any of the specific reasons enumerated in this Section or for any other reason or for no reason, without the prior written Consent of the Special Limited Partner. The General Partners shall have the duty to manage the Property during any period when there is no Management Agent, and shall be entitled to the Base and Supplemental Management Fees with respect to any period during which they so manage, and must comply with the provisions of this Agreement which would be applicable to the Management Agent. During any period when there is no Management Agent and the General Partners manage the Property with the Consent of the Special Limited Partner, the General Partners shall be entitled to the Base and Supplemental Management Fees.

C. The Management Agent shall receive from the Partnership (a) the Base Management Fee provided for in the Management Agreement from time to time in accordance with a reasonable and competitive fee arrangement (and in no event in excess of the amount permitted under the Property Documents), provided that the Base Management Fee payable to any Management Agent shall not exceed 3% of Operating Revenues (4% prior to Stabilized Occupancy) and (b) the Supplemental Management Fee in an amount equal to 2% of Operating Revenues (1% prior to Stabilized Occupancy) (provided that the Supplemental Management Fee shall be payable only to the extent of funds available pursuant to Section 5.2.A). Any Management Agent which is an Affiliate of a General Partner shall be obligated to defer payment of its Base Management Fee to the extent necessary for any year so that the Partnership will not incur an Operating Deficit for such year, and the deferred amount shall then be payable in any future year as provided in Sections 5.2A and 5.2B. Any Management Agent which is an Affiliate of a General Partner shall be obligated to defer payment of its Base Management Fee to the extent necessary for any year so that the Partnership will not incur an Operating Deficit for such year, and the deferred amount shall then be payable in any future year as provided in Sections 5.2A and 5.2B.

D. The Partnership shall pay to the Co-General Partner for its services in supervising and monitoring the performance of the Management Agent pursuant to the Management Agreement an annual Incentive Management Fee (which Fee shall be treated as a Partnership expense). The Incentive Management Fee for each fiscal year shall be the amount available for payment thereof from Cash Flow pursuant to Section 5.2.A(2) up to a maximum which will not cause the total of the Base and Supplemental Management Fee plus the Incentive Management Fee for such year to exceed 12% of Operating Revenue for such year.

E. As consideration for services provided to the Partnership, the Partnership shall pay to the Managing General Partner commencing in 2008 a Managing General Partner Fee in

an amount equal to \$1,500 per month (increasing annually by 3.5%), provided, however, the fee shall be equal to \$750 per month (adjusted annually by the CPI Adjustment) prior to the Property qualifying for the Property Tax Exemption (the "Managing General Partner Fee") for performing services in its capacity as the Managing General Partner. Such fee shall be payable from Cash Flow in accordance with Section 5.2A hereof.

### Section 6.13 Borrowings

A. All Partnership borrowings shall be subject to the terms of this Agreement, including the restrictions set forth in Section 6.1. To the extent borrowings are permitted, such borrowings may be made from any source, including Partners and Affiliates, except as otherwise provided in this Agreement. No funds furnished to the Partnership by any Partner shall be deemed to be a loan by such Partner if such Partner then owes funds to the Partnership under this Agreement. If any Partner or Affiliate shall lend any monies to the Partnership, such loan shall be non-interest bearing, shall not be an increase of his Capital Contribution nor affect in any way his share of the profits, losses or distributions of the Partnership, and shall be unsecured. Any loans which are made shall be on such other terms no less favorable to the Partnership than comparable loans from non-Affiliates. A loan made by a Limited Partner shall constitute a "Limited Partner Loan"; a loan made by a General Partner or an Affiliate of a General Partner (other than an Operating Deficit Loan) shall constitute a "General Partner Loan". Limited and General Partner Loans shall be repayable only as provided in Sections 5.2.A and 5.2.B.

B. Subject to the provisions of this Agreement, the Partnership may borrow pursuant to the Permitted Loans such amounts as may be required for the acquisition, development, and construction of the Property and to meet the expenses of operating the Property. Any other borrowings (excluding (a) normal trade payables outstanding in the ordinary course of business up to \$20,000 and (b) borrowings to meet Partnership expenditures to remedy emergency circumstances up to \$20,000 which are not contemplated by this Agreement and which are in excess of \$10,000 in the aggregate must receive the Consent of the Special Limited Partner. Except with respect to the Bond Loan during the construction phase, all Mortgages shall provide that no Partner or Related Person of a Partner of the Partnership shall bear the Economic Risk of Loss with respect to all or any part of principal or interest due with respect to the debt evidenced by such Mortgage.

C. Each General Partner shall be bound by the terms of the Property Documents and any other documents required in connection therewith, but in no event shall any Partner or Related Person be personally liable for the debt evidenced by any Mortgage except to the extent permitted under Section 6.13.B, if any. Any incoming General Partner shall as a condition of receiving any interest in the Partnership property agree to be bound by the Property Documents and any other documents required by the Lenders in connection therewith to the same extent and on the same terms as the other General Partner(s).

D. The General Partners may amend, modify or refinance a Mortgage (including any required transfer or conveyance of Partnership assets for security or mortgage purposes), and sell, lease, exchange or otherwise transfer or convey all or any substantial portion of the assets of the Partnership, provided, however, that the terms of any refinancing, amendment or modification of a Mortgage or any such sale, exchange or other transfer or conveyance must receive the Consent of the Special Limited Partner before such transaction shall be binding on the Partnership.

E. Subject to provisions of this Agreement with respect to related party loans, a limited partner or member – including without limitation the Federal Home Loan Mortgage Corporation (such limited partner or member being referred to herein as a “Mortgagee”) in any entity that is a Partner at any time may make, guarantee, own acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Property (any such loan being referred to as a “Mortgage Loan”). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such Partner. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Partnership, each Partner acknowledges that no Mortgagee owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee, or against the Partner in which the Mortgagee is a partner or member, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee’s status as a limited partner or member of a Partner.

#### Section 6.14 Reserves

A. The General Partners shall cause the Partnership to establish the Operating Reserve which shall be funded in the amount of \$646,000 (the “Target Amount”) (which amount shall be credited for, and reduced by, any additional reserve amount funded and held in reserve for the Permanent Mortgage Loan or the Secondary Loan) from the proceeds of the Fourth Installment and from any excess Development Funds remaining after payment of all Development Costs. The Operating Reserve funds shall be maintained in an interest bearing account held at National City Bank (or an affiliate of National City Bank) (or with such other financial institution approved by the Special Limited Partner in its reasonable discretion) in the name of the Partnership. All earnings shall remain in the Operating Reserve and be available for the purpose thereof. Withdrawals from the Operating Reserve shall be made with Consent of the Special Limited Partner to fund Operating Deficits arising from and after the date on which the Operating Deficit Loan obligation set forth in Section 6.10 commences. If, at any of the following times, the balance in the Operating Reserve is then less than \$646,000 (the Minimum Target Amount), the Operating Reserve shall be replenished from Cash Flow, to the extent available for such purpose as provided in Section 5.2.A, at the close of each fiscal year, until such balance equals the Target Amount.

Upon the expiration of the Operating Deficit Period, and if the Partnership and the General Partners are not then in default under the Property Documents and this Agreement, then the Operating Reserve shall be applied as a distribution of Cash Flow in accordance with section 5.2.A. Upon the sale of the Property any balance in the Operating Reserve shall be disbursed as Capital Transaction Proceeds.

B. The General Partners shall cause the Partnership to establish the Replacement Reserve which shall be funded commencing with conversion of the Bond Loan to its permanent phase from Operating Revenues at the rate of \$250 (increased as of January 1 of each year by the CPI Adjustment, if any) per apartment unit per year. The Replacement Reserve shall be inclusive of any reserve funding requirement set forth in the Permanent Mortgage Loan or the Secondary Loan designated for capital repairs and replacements. Replacement Reserve funds (net of Replacement Reserves required and held by the Permanent Mortgage Lender) shall be maintained in a Partnership account and shall be prudently invested at the direction of the General Partners. All earnings shall remain in the Replacement Reserve and be available for the

purpose thereof. Withdrawals from the Replacement Reserve shall be made with the Consent of the Special Limited Partner to fund capital repairs and replacements for the Property.

## ARTICLE VII -- Books and Records, Accounting and Reports

### Section 7.1 Books and Records

The General Partners shall keep or cause to be kept at the principal office of the Partnership complete and accurate books and records of the Partnership (including a list of the names and addresses of all Partners) which shall be maintained in accordance with sound accounting practices, the Uniform Act and the requirements of the Lenders and the Credit Agency. The Partnership may maintain such other books and records and may provide such other financial or other statements as the General Partners deem advisable. The General Partners shall (and shall cause the Management Agent to): (i) afford to the Special Limited Partner access to all of the books and records of the Partnership and the Property upon reasonable request during normal business hours; (ii) make available to the Special Limited Partner upon reasonable request during normal business hours, the employees, agents and representatives of the General Partners and the Management Agent for the purpose of responding to questions concerning the business and affairs of the Partnership and the Property and providing the Special Limited Partner with reasonable physical access to the Property; and (iii) provide copies of documents and other information to the Special Limited Partner.

### Section 7.2 Bank Accounts

The bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine with the Consent of the Special Limited Partner, and withdrawals shall be made only in the regular course of business on such signature or signatures, subject to the requirements of Section 8.6, as the General Partners shall determine. All deposits and other funds not needed in the operation of the business shall be deposited in interest-bearing accounts or invested in short-term United States Government or municipal obligations maturing within one year.

### Section 7.3 Fiscal Year and Accounting Method

The fiscal year of the Partnership shall be the calendar year. The books of the Partnership shall be kept on the accrual basis.

### Section 7.4 Annual Financial Statements, Tax Returns

A. The General Partners shall cause the Accountants to prepare financial statements for each fiscal year of the Partnership, which shall include a balance sheet as of the end of each such year and statements of income, partners' equity and cash flows for such year. Such financial statements shall include a note setting forth a schedule of all loans to the Partnership, the Section of this Agreement under which such debt was incurred and the purpose for which such loan was applied by the Partnership. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement. In addition, such financial statements shall include a schedule computing the amount of Cash Flow distributable to the Partners for such fiscal year and the amount of each fee payable by the Partnership the amount of which is based on the amount of Cash Flow. In addition, the financial statements of the Partnership for the fiscal year in which Full Completion occurs shall include a depreciation schedule for that year and all future years,

along with the depreciation worksheet. The books of the Partnership shall be examined in accordance with generally accepted auditing standards as of the end of each fiscal year of the Partnership by the Accountants, who shall then express their opinion that the aforesaid balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods except as to any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. The General Partners shall, promptly upon receipt of such balance sheet, statements and opinion and in any event by February 28 after the end of each fiscal year, transmit copies thereof to the Special Limited Partner for its review (and review by any accounting firm designated by the Special Limited Partner), and shall cause the Accountants to consider in good faith any modifications and corrections proposed by the Special Limited Partner and make any revisions thereto which the Accountants believe are reasonably appropriate.

B. The Accountants shall prepare the Federal and state income tax returns of the Partnership. The General Partners shall complete the books of the Partnership in such time as will allow the Accountants to complete (subject to the following review by the Special Limited Partner) such tax returns by February 28 after the end of such fiscal year. The General Partners shall cause the Accountants to (1) submit the completed tax returns on or before February 28 to the Special Limited Partner for its review (and review by an accounting firm designated by the Special Limited Partner), (2) consider in good faith any modifications and corrections proposed by the Special Limited Partner within 10 days after receipt by the Special Limited Partner of the tax returns and make any revisions thereto which the Accountants believe are reasonably appropriate, (3) file such tax returns by March 15 (and in any event within the time periods required by law), and (4) immediately upon the filing thereof transmit to the Limited Partners a copy of each of the Federal and state income tax returns, Federal Form K-1 and the appropriate state analogs to Form K-1.

C. Together with the financial statements to be delivered pursuant to Section 7.4.A, the General Partners shall send to the Special Limited Partner comparable financial statements (including a balance sheet and statement of income) for each General Partner and Guarantor relating to the same period which need not be audited.

#### Section 7.5 Other Financial Statements, Reports and Information

A. Within 21 days following the end of each of the first three quarters of each fiscal year after the Completion Date, the General Partners shall send to the Special Limited Partner one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as of the end of such quarter; (ii) a statement of income for such quarter; (iii) a statement of available cash from all operating accounts and reserve accounts at the end of such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner, and (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, (v) a summary report providing year-to-date operating income and expense detail, together with corresponding year-to-date budgeted projections, and (vi) a report of the significant activities of the Partnership during the fiscal quarter.

B. The General Partners shall cause the Management Agent to furnish to the Special Limited Partner, in such form and detail as reasonably requested by the Special Limited Partner and within 21 days after the end of each month of each fiscal year, (1) a monthly general ledger related to the Property's operating income and expense detail, (2) a rent roll for the Property

specifically identifying all new tenants, all changes in tenant status and any units that are not rented in compliance with the Rent Restrictions as of the end of the preceding period, and (3) a summary operating statement for the preceding month. The General Partners shall cause the Management Agent to (a) respond promptly to reasonable additional inquiry or review by the Special Limited Partner with respect to any transactions which appear unusual or extraordinary in nature, and (b) notify the General Partners and the Special Limited Partners promptly upon the occurrence of any change in the individual(s) who (i) control the business of the Management Agent or (ii) have decision-making responsibility with respect to the operation of the Property.

C. The General Partners shall provide the Special Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by the Credit Agency or the Lender promptly upon receipt thereof; (iii) a copy of each Low Income Housing Credit compliance report delivered to or prepared by the Credit Agency with respect to the Property; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership and (v) such other information as the Special Limited Partner may specifically and reasonably request from time to time with regard to the progress of construction, initial lease-up or any other matters concerning the business or operations of the Partnership and the financial and physical condition of the Property.

D. An annual operating budget for each full calendar year after Full Completion shall be prepared by the General Partners and furnished to the Special Limited Partner no later than 45 days prior to the beginning of such calendar year. In addition, the General Partners shall prepare at the expense of the Partnership and furnish to the Special Limited Partner an estimate of the profits and losses of the Partnership for Federal income tax purposes for the current fiscal year not later than September 30 of each year.

E. The General Partners shall forward annually to the Special Limited Partner renewal policies for the insurance required to be maintained pursuant to Section 6.5.B.

F. Prior to commencement of lease-up of the Property, the General Partners shall cause the Management Agent to submit to the Special Limited Partner for review and comment all of the forms and written policies, practices and procedures to be used by the Management Agent in the leasing and management of the Property, and to make such modifications in such forms and written policies, practices and procedures as may be reasonable in order to assure effective compliance with the Property Documents, applicable laws and regulations and accepted property management practices with respect to apartment properties generating Low Income Housing Credits, and shall cause the Management Agent to submit all proposed additions or modifications of such forms and written policies, practices and procedures to the Special Limited Partner for such review, comment and revision.

G. The General Partners will cause the Management Agent to: (i) notify the Special Limited Partner of each audit of, review of, or site visit to the Property by or on behalf of the Credit Agency, and provide the Special Limited Partner with copies of any written report or correspondence from the Credit Agency with respect to any such audit, visit or review; and (ii) provide the Special Limited Partner with copies of all reports, or correspondence submitted by or with respect to the Partnership to the Credit Agency.

H. The General Partners shall notify the Special Limited Partner of any event that constitutes, or with lapse of time, notice or both will constitute, an event of default by the Partnership with respect to any component of the Permitted Loans.

I. The General Partners shall keep the Special Limited Partner informed concerning the general state of the business and financial condition of the Partnership and shall, upon reasonable request of the Special Limited Partner, furnish full information, accounts and documentation concerning the general state of the business and financial condition of the Partnership.

J. Except as otherwise expressly provided for in this Agreement, the fees, costs and expenses related to preparation of the statements, returns, forms and reports and the performance of any other duties called for in this Article VII by the Partnership, the General Partners and/or the Accountants shall be an expense of the Partnership.

K. If the General Partners fail, within the time periods set forth in Sections 7.4.A, 7.4.B and 7.5.A, to file and/or distribute copies of the statements, returns, forms and reports provided for in said Sections (a "Reporting Default"), the Co-General Partner shall, upon the request of the Special Limited Partner and assuming that no Limited Partner has caused such delay, pay as damages the sum of \$100 per day to the Investor Limited Partner until the item in question has been filed and/or distributed. Such damages shall be paid forthwith by the Co-General Partner and failure to so pay shall constitute a default of the Co-General Partner under Section 8.6 hereof. In addition, if the Co-General Partner fails to so pay, the Co-General Partner and its Affiliates shall forthwith cease to be entitled to the amounts otherwise payable to them pursuant to Section 5.2.A. Such Section 5.2.A payments shall accrue but only be paid upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against such Section 5.2.A payments otherwise due to the General Partners or their Affiliates. In addition, if a Reporting Default shall occur, the Special Limited Partner may select a firm of accountants who shall prepare the statements, returns, forms and reports required under Sections 7.4.A, 7.4.B and 7.5.A, and the fees and expenses of such accountants shall be paid by the General Partners. The General Partners shall immediately furnish to such accountants all documentation and other information necessary to prepare such statements, returns, forms and reports.

#### Section 7.6 Site Visits

The General Partners shall cooperate with and assist (and shall cause the Management Agent to so cooperate with and assist) the Special Limited Partner in making periodic site visits to the Property and the principal office of the Partnership, during which the General Partners and the Management Agent shall make available to the Special Limited Partner: (i) the site and all buildings comprising the Property for physical inspection; (ii) all relevant construction documents including building inspection reports, evidence of utility availability, evidence of zoning compliance and as built Plans and Specifications; (iii) the maintenance and repair records for the Property; (iv) the Property's rent rolls, waiting list, advertising materials, standard lease and tenant qualification documentation and management practices and procedures; (v) the incident report files with respect to the Property; and (vi) the resident manager for the Property and the Management Agent's supervisor with respect to the Property for purposes of answering questions and providing additional information. Such site visits shall occur within seven (7) days following written notice by the Special Limited Partner to the General Partners; the Special Limited Partner expects to make an initial site visit within 45 days after Full Completion and thereafter on an annual basis, but shall have the right to make more frequent site visits in its reasonable discretion.

### Section 7.7 Tenant File Review

A. The General Partners shall cooperate with and assist (and shall cause the Management Agent to so cooperate with and assist) the Special Limited Partner in making periodic reviews of the Partnership's tenant files for the purpose of assessing compliance with respect to the Property's leasing practices under the Code and the requirements of the Credit Agency. During each review the General Partners and the Management Agent shall make available to the Special Limited Partner (either at the office of the Management Agent during regular business hours or, if so requested by the Special Limited Partner, by sending photocopies to the Special Limited Partner) all tenant files and leasing practices and procedures of the Property. Such reviews (or sending of photocopies) shall occur within seven (7) days following written notice by the Special Limited Partner to the General Partners; the Special Limited Partner expects to make reviews periodically during initial lease up of the Property and thereafter on an annual basis, but shall have the right to make more frequent reviews in its reasonable discretion. Neither the making of such reviews nor the existence of the right to make such reviews shall relieve the General Partners of their sole obligation (or constitute a defense against breach of such obligation) to maintain the Property in compliance with all rules and requirements under the Code and of the Credit Agency. The General Partners shall cause the Management Agent to cure all deficiencies in tenant files or practices and procedures identified by the Special Limited Partner as a result of such reviews.

B. The General Partners shall give notice to the Special Limited Partner within five (5) business days prior to the initial occupancy by a tenant of the first Low Income Unit. The Managing General Partner will be required to furnish copies of all tenant files (including all income verification documentation and draft lease form), and leasing practices and procedures to the Special Limited Partner (acting itself or through its designated compliance consultant) prior to any tenant taking initial occupancy of any Low Income Unit. Upon the receipt of each tenant file required hereunder, the Special Limited Partner shall have five business days to complete its review. The General Partners shall cooperate with and assist (and shall cause the Management Agent to so cooperate with and assist) in the conduct of each Initial Tenant File Review, and shall cause the Management Agent to promptly cure any deficiencies in tenant files or practices and procedures identified during the initial tenant file review. The out-of-pocket costs incurred by the Special Limited Partner (including without limitation reasonable fees paid to an accounting or consulting firm designated by the Special Limited Partner as aforesaid) shall be paid by the Partnership. Neither the making of such reviews nor the existence of the right to make such reviews shall relieve the General Partners of their sole obligation (or constitute a defense against breach of such obligation) to maintain the Apartment Complex in compliance with all rules and requirements under the Code and of the Credit Agency.

### Section 7.8 Tax Elections

A. If requested to do so by the transferee of a Partnership interest, the General Partners shall make the election under Section 754 of the Code, on behalf of the Partnership, at such time and in such manner as to obtain all the benefits provided for by such Section; provided that the transferee will pay all costs associated therewith and neither the Partnership nor the General Partners shall be held responsible or liable for the failure to make such elections if the General Partners are not given notice of the event giving rise to an adjustment for which such election is needed at or prior to the close of the fiscal year during which the event occurs.

B. All other elections required or permitted to be made by the Partnership under the

Code shall be made by the General Partners in such manner as will, in the opinion of the Accountants and the Special Limited Partner, be most advantageous to the Investor Limited Partner but shall not create additional obligations on the part of the General Partners.

Section 7.9 Asset Manager, Asset Management Fee and Reimbursement

A. The Special Limited Partner shall have the right from time to time to appoint its Affiliate (and from time to time to substitute another Affiliate) to exercise on its behalf any or all of the rights and to perform any or all of its functions of either or both of the Limited Partners under this Agreement (such appointee is herein referred to as the "Asset Manager"), and all rights, authority and Consents of any Limited Partner hereunder, when exercised by the Asset Manager, shall have the same force and effect as if exercised by such Limited Partner. Pursuant to the foregoing, the Special Limited Partner hereby appoints Red Capital Markets, Inc. to be the Asset Manager, and the General Partners hereby recognize such appointment. The Limited Partners (and the Asset Manager) shall have the right to engage lawyers, accountants, appraisers and consultants to assist in the performance of their functions under this Agreement, and the General Partners and the Management Agent shall cooperate with and assist such lawyers, accountants, appraisers and consultants in the performance of their respective engagements.

B. The Partnership shall pay to the Asset Manager (or to such other party as the Special Limited Partner may designate if no Asset Manager has been appointed) the Asset Management Fee for reviewing the reports provided for in this Article VII, otherwise monitoring the affairs of the Partnership and the Property and making appropriate studies with respect to Consents which may be requested from it. The Asset Management Fee shall be an amount equal to \$15,000 (increased as of January 1 of each year by 3.5%) per annum from and after the Admission Date, which shall be due and payable prior to the end of each calendar quarter from (i) Development Sources, (ii) to the extent cash is available as provided in Section 5.2.A or (iii) from the proceeds of an Operating Deficit Loan. All accrued but unpaid Asset Management Fees shall be paid at the time of a Capital Transaction to the extent cash is available as provided in Section 5.2.B. The first quarterly payment due will be prorated based on the month the Admission Date occurs.

C. The Partnership shall reimburse the Asset Manager (or such other party as the Special Limited Partner may designate if no Asset Manager has been appointed) for all reasonable out-of-pocket expenses incurred in connection with the performance of its duties or the exercise of its rights under this Agreement, including legal, accounting and other professional fees and expenses and travel expenses; provided, however, that no reimbursement shall be paid for:

(1) the ordinary fees and expenses of accountants engaged by the Asset Manager with respect to the review of the audit of the annual financial statements provided for under Section 7.4.A;

(2) the ordinary fees and expenses of accountants engaged by the Asset Manager in connection with the review of tenant files as provided for in Section 7.7 or the review of forms, practices and procedures provided for in Section 7.5.I;

(3) the ordinary fees and expenses of the Asset Manager in connection with the site visits provided for in Section 7.6;

(4) any fees or expenses incurred by the Asset Manager in connection with the preparation and distribution of reports or other communications to the Investor Limited Partner or the partners or members thereof; and

(5) any salary or other overhead expense incurred in connection with the ongoing performance of normal review functions under this Agreement.

By way of example and without limitation, however, the Asset Manager shall be entitled to reimbursement for reasonable fees and expenses incurred by it, acting in good faith, in connection with the review, investigation and resolution of any event or circumstance which may constitute an irregularity or breach of this Agreement in connection with the Partnership or the Property, including any grounds for removal of the General Partners under the Partnership Agreement or the Management Agent under the Partnership Agreement or Management Agreement, any event that constitutes, or may with the lapse of time, notice or both, constitute an event of default with respect to any component of the Permitted Loans, any potential breach or noncompliance with any requirements pertaining to the Low Income Housing Credit, any potential mismanagement of the Property, any proposed refinancing of any component of the Permitted Loans, or any proposed sale or other disposition of the Property.

#### Section 7.10 General Contractor.

The General Contractor and the Partnership have entered into the Construction Contract. In no event shall a future modification, revision or amendment to the Construction Contract be effective without the Consent of the Special Limited Partner. The Construction Contract shall require the General Contractor to provide insurance coverage required by Section 6.5B(1)(c) and shall require maintenance of Completed Operations coverage required therein to be continued for a minimum of three (3) years following Full Completion. The Construction Contract shall require the General Contractor to name the Partnership as an additional insured under such policy and shall indemnify Partnership for all liability claims related to the construction of the Property brought against the Partnership. The Construction Contract shall be terminable at any time on no more than 30 days' notice by the Partnership for cause (which shall include, without limitation (a) (a) the failure to obtain 50% Completion of Construction by December 31, 2008, (b) the failure to obtain 75% Completion of Construction by September 30, 2009, (c) the Retirement of a General Partner or the occurrence of an Event of Default as to a General Partner as provided in Article VIII, or (d) the transfer of the controlling interest in the General Contractor. Upon the occurrence of an event which would constitute cause for termination, the General Partners shall forthwith give notice of such event to the Limited Partners and thereafter the General Partners shall forthwith cause the Partnership to terminate the Construction Contract with the General Contractor, unless the General Partners obtain the Consent of the Special Limited Partner to the retention of the General Contractor as the contractor of the Property. If the Construction Contract is terminated as aforesaid or for any other reason, the General Partners shall immediately proceed to select a new general contractor for the Property, which selection shall be subject to the Consent of the Special Limited Partner. Each General Partner hereby grants to the Special Limited Partner an irrevocable (to the extent permitted by applicable law) power of attorney coupled with an interest to take any action and to execute and deliver any and all documents and instruments on behalf of such Managing General Partner and the Partnership as the Special Limited Partner may deem to be necessary or appropriate in order to effectuate the provisions of this Section 7.10. Subject to Credit Agency and Lender approval, if required, the Partnership shall not enter into any future Construction Contract or review or extend any existing Construction Contract unless such Construction Contract is terminable without penalty upon the occurrence of the events described in this Section 7.10.

## ARTICLE VIII -- Retirement of a General Partner

### Section 8.1 Retirement

A. No General Partner shall Retire (other than by reason of death or adjudication of incompetence or insanity) from the Partnership or sell, assign, transfer or encumber his interest as a General Partner without the Consent of the Special Limited Partner. In the event of a Retirement of a General Partner his status and the disposition of its interest in the Partnership shall be determined in accordance with Section 8.4. In no event shall the Co-General Partner assign, transfer or sell all or any part of his interest as a General Partner to any Entity which is a tax-exempt entity as defined in Section 168(h)(2) of the Code.

B. Upon the Retirement of any of the General Partners named on the Schedule under circumstances which are in violation of the provisions of Section 8.1, then, at the election of the Special Limited Partner exercised at any time thereafter, any or all of the other General Partners shall also Retire from the Partnership as General Partners, and such Retirement shall be deemed to be in violation of Section 8.1 and shall be subject to the consequences thereof as provided in Section 8.4.A.

### Section 8.2 Obligation to Continue

Upon the Retirement of a General Partner, any remaining General Partner or General Partners, if any, or, if none, the Retired General Partner or his heirs, successors or assigns, shall immediately send notice of such Retirement (the "Retirement Notice") to each Limited Partner, and the Partnership shall be (i) dissolved if there is no remaining General Partner and the Partnership is not reconstituted pursuant to Section 8.3 hereof, or (ii) continued by the remaining General Partner(s) as provided in the sentence next following. The General Partners shall have the right, and hereby covenant and agree to, unless there is no remaining General Partner, to elect to continue the business of the Partnership.

### Section 8.3 Retirement of a Sole General Partner

If, following the Retirement of a General Partner, there is no remaining General Partner of the Partnership, or if there are remaining General Partners but they shall fail to elect to continue the business of the Partnership, then the Special Limited Partner may designate a Person (which Person may be the Special Limited Partner) to become a successor General Partner of the Partnership as reconstituted as hereinafter provided.

### Section 8.4 Interest of Retired General Partner

A. Each General Partner hereby agrees that at the time of his Retirement if such Retirement is in violation of the provisions of Section 8.1, (a) the Retired General Partner and all Partners who are Affiliates of the Retired General Partner shall be immediately and automatically withdrawn from the Partnership and the interest in the Partnership of the Retired General Partner and such Affiliates shall be automatically transferred and be deemed transferred to the Partnership for the benefit of the remaining Partners, (b) the right of the Retired General Partner and such Affiliates to receive all fees, loan repayments and any other amounts from the Partnership shall terminate and (c) the Retired General Partner and such Affiliates shall remain liable for the performance of all of their obligations under this Agreement. For the purposes of Article V hereof, the effective date of the aforesaid transfers shall be deemed to be the date on

which such Retirement occurs.

B. In the event that a General Partner shall Retire as a General Partner under circumstances not in violation of Section 8.1, such Retired General Partner shall be deemed to have automatically transferred to the remaining or successor General Partners, in proportion to their respective General Partner interests, all or such portion of the interest of such Retired General Partner in each of the profits, losses and distributions of the Partnership (as set forth in Article V hereof) which, when aggregated with the existing General Partner interests of all such remaining and successor General Partners, will be sufficient to assure such remaining and successor General Partners an aggregate 0.01% interest in all such profits, losses and distributions of Cash Flow and Capital Transactions proceeds of the Partnership under Article V hereof. No documentation shall be necessary to effectuate such transfer and the same shall be deemed effective upon the Retirement of such Retired General Partner. The Retiring General Partner shall retain the right to be paid all fees, loan repayments and other amounts from the Partnership which have become due at the time of such Retirement, and shall not be liable for any obligations of the Partnership arising after the date of his Retirement. Those Persons succeeding to the portion of the interest of the Retired General Partner not so transferred to the remaining and successor General Partners shall become Limited Partners hereunder provided that such Persons shall not participate in any of the votes or Consents of the Limited Partners set forth herein nor share in any of the profits, losses or distributions of the Partnership expressly accorded to the Limited Partners under Article V, but shall have instead the same share of such Partnership profits, losses and distributions represented by such interest when held by the Retiring General Partner after the transfer called for in the first sentence of this Section 8.4.B. Notwithstanding the foregoing, however, all Partnership interests and all fees, loan payments and other amounts payable which are reserved to the Retired General Partner and his successors pursuant to this Section 8.4.B shall be subject to offset by any amounts and Partnership interests which the Partnership must pay or assign to a competent professional real estate developer/manager to induce it to become a General Partner in replacement of the Retired General Partner and to carry out the purposes of the Partnership and assume the General Partner obligations hereunder.

#### Section 8.5 Designation of New General Partners

Any incoming General Partner (other than a General Partner admitted pursuant to Section 8.6) shall as a condition of receiving any interest in the Partnership agree to be bound by the Mortgages, all other Property Documents, and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other then General Partner(s).

#### Section 8.6 Additional and Substitute General Partners

A. Upon the occurrence of any one or more of the Events of Default set forth in Section 8.6.B below, the Special Limited Partner shall, after providing its Notice of Removal and subject to certain cure rights below, have the right to cause itself or its Affiliate to be admitted to the Partnership as an additional General Partner as provided in Section 8.6.C and/or to remove the affected General Partner as provided in Section 8.6.D. Each of the Partners hereby makes, constitutes, and appoints the Special Limited Partner, with full power of substitution, the true and lawful attorney of, and in the name, place and stead of, such Partner, with power from time to time to take all action and do all things necessary or appropriate to implement and carry out the provisions of this Section 8.6. Such appointment shall constitute a power coupled with an interest, shall be irrevocable, shall survive the death, incompetence or dissolution of any Partner and shall be binding on any assignee of all or any portion of the interest of any Partner.

Provided, further, with respect to those defaults set forth in Section 8.6.B(2) through 8.6.B(6) and to the extent that such default is capable of being cured, the General Partners shall have thirty (30) days to cure such default upon receipt of notice of such defaults. If a default set forth in Section 8.6.B(2), (3), (5) and (6) is capable of being cured but cannot be reasonably cured within thirty (30) days, the affected General Partner shall not be removed and the Special Limited Partner shall not have the right to cause itself or its Affiliate to be admitted as an additional General Partner if (a) the General Partners commence such cure within fifteen (15) days and proceeds in good faith to cure diligently thereafter, (b) the Event of Default is cured within sixty (60) days notice of the Event of Default, and (c) the failure to cure the Event of Default within thirty (30) days does not have a material adverse effect on the Partnership, the Property or the Investor Limited Partner.

B. The following shall each be an "Event of Default":

(1) A General Partner or any Affiliate of such General Partner (including if applicable the Management Agent) has in connection with the Partnership or the Property, performed an act or failed to perform any act constituting fraud, willful misconduct, gross negligence, intentional and willful violation of law, breach of fiduciary duty, misappropriation or commingling of funds, dishonesty or misrepresentation or non-disclosure of material facts.

(2) A General Partner has breached any material written representation or warranty made to the Limited Partners.

(3) Failure of a General Partner to observe or perform any material obligation or covenant to be observed or performed under this Agreement by such General Partner (including without limitation the failure to provide on a timely basis any of the financial statements, tax returns, reports and other items set forth in Section 7.4).

(4) The Partnership shall be in material default of any of its obligations under the Property Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an imminent assignment or foreclosure of any Mortgage as evidenced by a notice of such assignment or foreclosure, or could otherwise have a similar, imminent materially adverse effect on the Property and/or the Partnership.

(5) The General Partners fail to enforce the material terms and conditions of the Management Agreement or to supervise the performance by the Management Agent of its duties thereunder.

(6) At any one time seven percent (7%) or more of the dwelling units in the Property shall not be in compliance with Section 42 of the Code.

(7) An Event of Bankruptcy shall occur with respect to a General Partner, the Developer, or a Guarantor, or a Guarantor shall be in default under its guaranty of the obligations of the General Partners entered into of even date herewith.

(8) Failure by the Partnership to attain Full Completion by April 1, 2010.

Any dispute or controversy as to whether any of the Events of Default pursuant to Section 8.6B(4), 8.6B(7) or an act of fraud, gross negligence or willful misconduct as set forth in Section

8.6B(1) has occurred, or whether such event has been cured or is susceptible of being cured within any grace period specified, shall be initially determined solely by the Special Limited Partner, whereupon the Special Limited Partner may exercise its rights set forth in this Section 8.6. However, such determination shall be subject to review in a judicial proceeding brought by either the General Partners or the Special Limited Partner in a court of general jurisdiction sitting in Los Angeles, California. Any judicial findings which are contrary to the determination of the Special Limited Partner shall not retroactively impair or otherwise affect the rights and authority of the Special Limited Partner hereunder prior to the issuance of such findings. However, the Special Limited Partner shall indemnify and hold harmless the General Partners for all claims, damages, loss and expense arising from its actions as a General Partner pursuant to this Section 8.6 prior to such judicial review if such review shall conclude that an Event of Default did not in fact occur. Each of the parties shall bear its own expense of litigation.

Any removal of a General Partner under this Section 8.6 for all other Events of Default hereunder shall only be exercisable by the Investor Limited Partner by giving a written notice of removal ("Notice of Removal") to such General Partner which states in reasonable detail the nature of the alleged events giving rise to the removal (including any required prior notices and opportunity to cure) and the proposed effective date for the removal. Within ten (10) business days of receipt of the Notice of Removal, the General Partner shall have the right to contest any proposed removal if it in good faith believes that such removal is not warranted, except with respect to Events of Default pursuant to Section 8.6B(4), 8.6B(7) or an act of fraud, gross negligence or willful misconduct as set forth in Section 8.6B(1). The right to contest shall be exercised by the General Partner by giving written notice ("Contest Notice") of such contest to the Investor Limited Partner within ten (10) business days of the General Partner's receipt of the notice of removal. In such event the General Partner shall, within fifteen (15) business days of the date of the Contest Notice, institute an action to resolve said dispute through the arbitration procedures provided for under the auspices of JAMS (or other similar private mediation/arbitration service) in Los Angeles County, California. Failure to timely commence an arbitration proceeding shall result in the General Partner being removed without any further act of any Partner upon the expiration of said fifteen (15) business days. The removal of the General Partner shall not be effective, if at all, until there has been a final decision or adjudication in any such arbitration action.

Notwithstanding any other provisions in this Agreement, Co-General Partner may, with the consent of the Investor Limited Partner (such consent not to be unreasonably withheld) remove the Managing General Partner for any of the following reasons upon prior written notice to the Managing General Partner of the Co-General Partner's election to remove the Managing General Partner pursuant to this section and a reasonable opportunity to cure (not to exceed thirty (30) days):

(i) for any intentional misconduct or failure to exercise reasonable care by the Managing General Partner with respect to any material matter in the discharge of its duties and obligations as Managing General Partner (provided that such violation results in, or is likely to result in, a material detriment to or an impairment of the Property or assets of the Partnership):

(ii) the Managing General Partner shall have violated any material provisions of any agreements binding on or applicable to the Property or the Partnership or any applicable laws;

(iii) the Managing General Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would be likely, in the opinion of counsel to the Partnership to: (a) cause the termination of the Partnership for federal income tax purposes; or (b) cause the Partnership to be treated for federal income tax purposes as an association, taxable as a corporation; or (c) an Event of Bankruptcy has occurred with respect to such Managing General Partner;

(iv) the Managing General Partner has ceased to qualify as an eligible nonprofit corporation under Section 214(g) of the California Revenue and Taxation Code ("214(g)") or the Internal Revenue Service has determined that Managing General Partner is no longer exempt from federal income taxation under Sections 501(c)(3) or 501(c)(4) of the Code and the loss of the real estate tax exemption creates an Operating Deficit;

(v) The Managing General Partner fails to execute the certification required by Section 214(g);

(vi) There is a Change of Control of the Managing General Partner;

(vii) The Managing General Partner's failure to maintain the books and records required by Section 8.01(b).

(viii) The Managing General Partner shall interfere with the delegation of powers made to the Co-General Partner under this Agreement; and

(ix) The Managing General Partner shall act in a manner so as to cause the Guarantor to have any liability under its Guaranty.

A copy of any such notice delivered to the Managing General Partner shall be delivered concurrently to the Investor Limited Partner. Upon such removal, the interest of the Managing General Partner shall be purchased by the Partnership, or, at the election of the Co-General Partner, be purchased by the Co-General Partner or its designee. The purchase price of the Managing General Partner's interest shall be its Capital Account balance at such time. Upon the purchase of its Interest pursuant to this section, and without further action, the Managing General Partner shall cease to have any rights or obligations under this Partnership Agreement.

In the event of the removal of the Managing General Partner pursuant to this Section 8.6, the Co-General Partner shall immediately locate a replacement partner qualified as an eligible nonprofit corporation under Section 214(g) of the California Revenue and Taxation Code and exempt from federal income taxation under Sections 501(c)(3) or 501(c)(4) of the Code. Any replacement partner shall be subject to the approval of the Special Limited Partner, which approval shall not be unreasonably withheld or delayed.

C. If the Special Limited Partner elects to admit itself or its Affiliate as an additional General Partner, such admission shall occur automatically and without further action by any Partner upon the giving of notice thereof by the Special Limited Partner to the Partners, and each of the Partners hereby agrees and consents in advance to the foregoing admission. Upon the occurrence of such admission, any delegation of authority agreed to between the General Partners in accordance with Sections 6.4.B and/or 6.5.1.A hereof (whether expressly set forth in

this Agreement or otherwise) shall be canceled and of no further force and effect, and instead all of the other General Partners shall be deemed to have delegated, automatically and without the requirement of a writing or any other action other than as set forth above, all their powers and authority (including, without limitation, all right to deposit to, withdraw from and otherwise control all Partnership bank accounts) to the Special Limited Partner in its capacity as an additional General Partner as set forth in Sections 6.4.B and/or 6.5.1.A. Notwithstanding its admission to the Partnership, said additional General Partner shall not undertake or assume, or be deemed to have undertaken or assumed, any obligations or liabilities imposed on the General Partners pursuant to this Agreement or which arise in any other manner with respect to the Partnership or the Partners. Each Partner agrees that the Special Limited Partner or any Person it causes to be admitted as a General Partner pursuant to this Section 8.6 may withdraw as a General Partner without the consent of any other Partner. Notwithstanding the foregoing, if an Event of Default occurs other than any of the Events of Default pursuant to Section 8.6B(4), 8.6B(7) or an act of fraud, gross negligence or willful misconduct as set forth in Section 8.6B(1) has occurred, the additional General Partner shall be admitted solely for the purpose of effecting a cure of the default and with all rights and privileges of a General Partner necessary to effect such cure, including but not limited to, causing the removal of the Management Agent pursuant to Section 6.12 hereof, and all other rights and privileges shall remain vested in, and exercisable by, the Co-General Partner and Managing General Partner as and to the extent otherwise provided in this Agreement (subject to all of the rights of the Limited Partners under this Agreement, including but not limited to, the Special Limited Partner's rights to remove the General Partners pursuant to this Section 8.6).

D. If the Special Limited Partner shall elect to remove one or more of the General Partners, then such removal shall occur in accordance with Sections 8.6A and B above. Upon such removal, (1) the removed General Partner shall have the obligation to sell his Partnership interest to the Special Limited Partner upon payment of the amount of the removed General Partner's Capital Account less any and all damages suffered by the Partnership relating to the Event of Default and less any amounts which must be paid by the Partnership to induce a competent professional real estate developer/manager to become a General Partner and carry out the purposes of the Partnership and assume the General Partner obligations hereunder; (2) the removed Partner's right, if any, to be paid all fees, repayments of loans and other payments by the Partnership shall terminate, except that any Operating Deficit Loans shall be repaid out of the proceeds of a Capital Transaction in accordance with Section 5.2B hereof; (3) any delegation of authority agreed to between the removed General Partner in accordance with Section 6.4.B hereof (whether expressly set forth in this Agreement or otherwise) shall be canceled and of no further force and effect; and (4) the removed General Partner shall remain liable for all obligations to the Partnership arising before the effective date of such Partner's removal.

#### Section 8.7 Amendment of Certificate

Upon the removal of a General Partner and/or the admission of an additional or replacement General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate of Limited Partnership, also reflecting such admission, shall be filed in accordance with the Uniform Act.

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### ARTICLE IX -- Limited Partner Transfers

#### Section 9.1 Assignments

A. Each Limited Partner shall have the right to assign all or any portion of its Interest

without the consent of any other Partner so long as such assignee is an Affiliate of such Limited Partner, an Affiliate of any corporate successor to the Limited Partner, an Affiliate of an Affiliate of any corporate successor of an Affiliate of such Limited Partner, or a limited liability company or limited partnership controlled directly or indirectly by Red Capital Markets, Inc. or Red Capital Community Development Company, LLC. Each Limited Partner shall also have the right to assign its Limited Partner interest without the Consent of any other Partner to assist any Affiliate of such Limited Partner with any corporate reorganization or restructuring. Any other assignment by a Limited Partner of its Limited Partner interest shall require the Consent of the General Partners, which Consent shall not be unreasonably withheld. An assignee of a Limited Partner who does not become a Substitute Limited Partner in accordance with Section 9.2 shall have the right to receive the same share of profits, losses, credits and distributions of the Partnership to which the assigning Limited Partner would have been entitled if no such assignment had been made by such Limited Partner.

Nothing in this Section 9.1 shall limit the authority of the Investor Limited Partner to sell, transfer and/or assign limited partnership interests within the Investor Limited Partner, in the sole discretion of the Investor Limited Partner, without Notice to or Consent of any other Partner.

B. In the event any assignment of a Limited Partner's interest as a Limited Partner shall be made, there shall be filed with the Partnership (and the Partnership need not recognize such assignment until such filing) a duly executed and acknowledged counterpart of the instrument making such assignment. Such instrument must evidence the written acceptance of the assignee to all the terms and provisions hereof.

C. Notwithstanding the foregoing, the obligations of any assigning Limited Partner to pay Installments to the Partnership shall be extinguished only by and to the extent of the aggregate amount of Installments paid to the Partnership by such assigning Limited Partner or on its behalf by its assignee.

D. The General Partners, at the sole expense of the Partnership, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation, the execution and delivery of appropriate amendments to, or updates of, the Agreement, the General Partner Closing Certificate, Guaranty of General Partner Obligations and any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, updated legal opinion of Partnership Counsel; updated title insurance documentation with "date down" endorsement; authorizing resolutions of the General Partners and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner.

#### Section 9.2 Substitute Limited Partners

A. Each Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place. Any Substitute Limited Partner shall, as a condition of receiving any interest in the Partnership assets, agree to be bound to the extent required under Section 3.6.B.

B. Upon the admission of a Substitute Limited Partner, the Schedule shall be amended to reflect the name and address of such Substitute Limited Partner and to eliminate the name and address of the assigning Limited Partner, and, if required under the Uniform Act, an amendment to the certificate of limited partnership of the Partnership reflecting such admission shall be filed in accordance with the Uniform Act. Each Substitute Limited Partner shall execute such instrument or instruments as shall be required by the General Partners to signify its agreement to be bound by all the provisions hereof, and shall pay reasonable legal and filing

expenses in connection with its substitution as a Limited Partner.

### Section 9.3 Restrictions

A. In no event shall all or any part of a Limited Partner interest in the Partnership be assigned or transferred to a minor (other than to a member of a Limited Partner's Immediate Family by reason of death) or to an incompetent.

B. Any sale, exchange, transfer or other disposition in contravention of any of the provisions of this Section 9.3 shall be void and ineffectual and shall not bind or be recognized by the Partnership.

### Section 9.4 Other Limited Partners

The Special Limited Partner shall have the right at any time and from time to time to substitute in its place as Special Limited Partner any Person which (a) controls the Special Limited Partner, (b) is owned in substantial part by the Special Limited Partner or (c) is controlled by the Person controlling the Special Limited Partner. Each Partner hereby consents to such substitution(s) if and when it occurs, and agrees that the substitute Special Limited Partner shall have all the rights, benefits and duties set out in this Agreement for the Special Limited Partner.

## ARTICLE X -- General Provisions

### Section 10.1 Amendments to Certificate

Within 120 days after the end of any fiscal year in which the Limited Partners shall have received any distributions under Article V hereof, the General Partners shall file if required under the law of the State and elsewhere as the General Partners deem appropriate or required an amendment to the Certificate of Limited Partnership reducing by the amount of his allocable share of such distribution the amount of Capital Contribution of each Limited Partner as stated in the last previous amendment to the Certificate of Limited Partnership. Nothing in this Section 10.1 shall authorize, however, any change in the Schedule.

### Section 10.2 Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given (i) four business days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) two business days after being deposited with Federal Express or similar overnight delivery service, (iii) on the business day after the day of transmission by telecopier or other facsimile transmission, or (iv) on the business day following delivery personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

(i) If to the Partnership, at the principal office of the Partnership set forth in ~~Section 2.2, and~~

(ii) if to a Partner, at that Partner's address set forth in the Schedule,

in each case with copies to:

10703467.2 - The Rosslyn Lofts Housing Partners. LP

(iii) The Special Limited Partner, SCDC, LLC, c/o Red Capital Markets, Inc., Two Miranova Place, 12th Floor, Columbus, OH 43215 (Attention: Tax Credit Asset Management);

(iv) Nixon Peabody LLP, 401 Ninth Street, NW, Suite 900, Washington, DC 20004, Attention: Gary A. Band, Esq.; and

(v) Cox, Castle & Nicholson LLP, 555 California Street, 10<sup>th</sup> Floor, San Francisco 94104, Attention: Stephen C. Ryan, Esq.

### Section 10.3 Word Meanings

The words such as "herein," "hereinbefore," "hereinafter," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires.

### Section 10.4 Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assigns of the respective parties hereto.

### Section 10.5 Applicable Law

This Agreement shall be construed and enforced in accordance with the laws of the State.

### Section 10.6 Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

### Section 10.7 Separability of Provisions

Each provision of this Agreement shall be considered separable and (a) if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (b) if for any reason any provision or provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provision or provisions shall be deemed void and of no effect.

### Section 10.8 Paragraph Titles

Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of the Agreement as set forth in the text.

#### Section 10.9 Amendments/ Other Actions

A. Amendment. This Agreement may not be amended except by the General Partners with the Consent of all Partners, and, in each case, the approval, if required, of the Credit Agency. In particular but not limiting the foregoing, all Partners must give their Consent in writing to any amendment which would (i) extend the term of the Partnership, (ii) amend this Section 10.15, (iii) increase or extend the liability or obligation of the Investor Limited Partner or the Special Limited Partner, (iv) increase the amount of Capital Contributions payable by the Investor Limited Partner or the Special Limited Partner, (v) accelerate the date of payment of any portion of the Investor Limited Partner Contribution, (vi) alter the distribution or allocation to the Partners of any profits and losses and distributions of the Partnership or (vii) alter the rights, powers and duties of the General Partners without the General Partner's Consent.

B. Uniform Act. Notwithstanding any other provision of this Agreement, no action may be taken under this Agreement unless such action is taken in compliance with the provisions of the Uniform Act.

#### Section 10.10 Time of Admission

Each Limited Partner shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for all purposes of this Agreement including Article V.

#### Section 10.11 Representation of Parties

Each of the Limited Partners hereby acknowledges and agrees that Cox Castle Nicholson, LLP, is the initial counsel ("Initial Counsel") representing the Partnership, the Managing General Partner and the Co-General Partner and that Nixon Peabody LLP, is the counsel representing the interests of the Investor Limited Partner and that the Initial Counsel does not represent, and shall not be deemed under the applicable codes of professional responsibility to have represented or be representing, any or all of the Limited Partners in any respect at any time. In the event of any dispute or controversy between any Limited Partner and a General Partner, then each Limited Partner hereby agrees that the General Partner may be represented by the Initial Counsel, as applicable, in such dispute or controversy and each Limited Partner expressly consents to the Initial Counsel's representation of the appropriate General Partners.

#### Section 10.12 Limitation of Benefits

It is the explicit intention of the Partners that no Person or entity other than the Partners and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenant, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners and the Partnership and their or its respective successors and assigns as permitted hereunder.

#### Section 10.13 Limited Liability of the General Partners

All contractual obligations of the General Partners under the Partnership Agreement or any of the Project Documents shall be limited obligations of the General Partners, payable solely and only from the General Partners' assets or from its interest in the Partnership. Except for the obligations under that certain Guaranty Agreement of the Guarantor provided to and for the benefit of the Investor Limited Partner, no manager or member or officer or shareholder or agent or employee of a General Partner shall have any liability under this Agreement for any such contractual obligation.

#### Section 10.14 Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits; *provided, however*, that if regulations are issued by the Internal Revenue Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

#### Section 10.15 Partition

All Partners waive any right to partition of any or all part of the Property or any assets of the Partnership and expressly agree that any rights, direct or indirect, with respect to the Property and the assets of the Partnership are solely as set forth under the Partnership Agreement.

### ARTICLE XI -- Defined Terms

Certain capitalized terms used in this Agreement shall have the meanings specified below:

"Accountants" means shall be Novogradac & Company, or such other certified public accountants as shall be engaged by the General Partners with the Consent of the Special Limited Partner.

"Adjustment Amount" has the meaning set forth in Section 4.2.

"Admission Date" means the date on which this Agreement shall have been fully executed by, delivered among and become binding on all of the Partners.

"Affiliate" means, as to any named Person or Persons (or as to every General Partner if no Person is specifically named): (1) such Person; (2) member of the Immediate Family of such Person; (3) legal representative, successor or assignee of any Person referred to in the preceding clauses (1) or (2); (4) trustee of a trust for the benefit of any Person referred to in the preceding clauses (1) or (2); or (5) any other Person (a) who directly or indirectly controls, is controlled by, or is under common control with such Person, (b) who owns or controls 10% or more of the outstanding voting interests of such Person, (c) of which 10% or more of the outstanding voting

interests is owned by such Person or any of the Persons referred to in the foregoing clauses (1) through (3); (d) who is an officer, director, partner or trustee of such Person, or (e) for which such Person acts in the capacity of officer, director, partner or trustee.

"Agreement" means this Amended and Restated Agreement of Limited Partnership as it may be amended from time to time.

"Annual Reported Credit" has the meaning set forth in Section 4.2.A.

"Asset Manager" means the party appointed by the Special Limited Partner to exercise certain rights and perform certain functions on behalf of the Limited Partners pursuant to Section 7.9.A.

"Asset Management Fee" means the fee payable to the Asset Manager by the Partnership pursuant to Section 7.9.B. In the case of any provisions of this Agreement which relate to the payment of the Asset Management Fee, the term "Asset Management Fee" shall be deemed to include the reimbursements payable pursuant to Section 7.9.C.

"Base Management Fee" means the amount payable from time to time by the Partnership to the Management Agent (or to the General Partners if there shall be no Management Agent serving hereunder) on an annual basis for management services in accordance with the Management Agreement, as referred to in Section 6.12.C.

"Basis Certification" means (a) the receipt by each Limited Partner of the written certification of the Accountants, in a form and in substance satisfactory to the Special Limited Partner, as to the itemized amounts of the construction and development costs of the Property and the "eligible basis", "qualified basis" and "applicable percentage" (as defined in the Code) pertaining to each building in the Property following Full Completion, and (b) the written acceptance of such certification by the Special Limited Partner after review thereof by a certified public accounting firm engaged by the Special Limited Partner for such purpose. The Basis Certification shall be determined by the Accountants upon the achievement of Full Completion based upon how the Partnership owns the Property at such time. Therefore, if the condominium map has not been recorded at Full Completion, then the Basis Certification shall be completed by the Accountants based upon the assumption that the Property will not be condominiumized.

"Bond Documents" means the Bond Indenture, the Bond Loan Agreement and the Bond Mortgage.

"Bond Indenture" means the Trust Indenture between the Bond Issuer and the Bond Trustee dated as of October 1, 2007, as the same may be amended or supplemented from time to time, relating to the Bonds.

"Bond Issuer" means California Statewide Communities Development Authority.

"Bond Loan" means the loan made by the Bond Loan Lender in the original principal amount of \$28,500,000, as evidenced by, and on such other terms that are set forth in documents which have received the Consent of the Special Limited Partner. Except as and to the extent otherwise Consented to by the Special Limited Partner, the Bond Loan shall: (i) be made by a lender which shall have received the Consent of the Special Limited Partner; (ii) be in a principal amount of not more than \$28,500,000 during the construction phase; (iii) be made pursuant to loan documents which shall have received the Consent of the Special Limited Partner; and (iv) have terms and conditions no less favorable to the Partnership than: (a) the Bond Loan shall be reduced to no more than \$27,115,000 upon

conversion from its construction phase to its permanent phase, (b) a maturity date of November 1, 2040 (or May 1, 2041 if the outside conversion date is extended to May 1, 2011), (c) a 40-year amortization schedule, (d) non-recourse to all the Partners after Permanent Mortgage Conversion, (e) fixed interest rate after the construction phase, and (f) debt service payments in an amount that will assure a minimum Debt Service Coverage of 1.15 to 1.00. The permanent amount of the Bond Loan is subject to the approval of the Special Limited Partner, in its sole discretion based upon a review of the underwriting of the Permanent Mortgage Lender and calculation of Debt Service Coverage to be determined in accordance with this Agreement.

"Bond Loan Agreement" means the Construction Loan Agreement between the Bond Loan Lender and the Partnership, as may be amended or supplemented from time to time.

"Bond Loan Lender" means Citigroup Municipal Mortgage Inc., or its successors and assigns in such capacity.

"Bond Mortgage" means, in connection with the Bond Loan, the mortgage or deed of trust on the Property, executed and delivered by the Partnership for the benefit of the Bond Trustee, to secure the payment and performance of the Partnership's obligations under their Bonds, as the same may be amended or supplemented from time to time in accordance with its terms.

"Bonds" means the \$28,500,000 California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (The Rosslyn Lofts) 2007 Series X.

"Capital Account" has the meaning set forth in Section 3.3.

"Capital Contribution" means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule, including any amounts which are paid on behalf of the Investor Limited Partner pursuant to the provisions of Section 4.2.B herein. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner with respect to the Partnership interest of such then Partner.

"Capital Transaction" means any transaction or other source of funds the proceeds of which are not includable in determining Cash Flow including, without implied limitation, the sale or other disposition of all or substantially all of the assets of the Partnership and any refinancing of any Mortgage, but excluding the payment of Capital Contributions by the Partners.

"Cash Flow" means for any period the excess of (a) Operating Revenues for such period over (b) the sum of Operating Expenses and Debt Service for such period.

"City Loan" means the mortgage loan to be made by the City of Los Angeles Community Redevelopment Agency in the principal amount of \$8,000,000, the proceeds of which shall be used to pay Development Costs. The City Loan shall accrue simple interest at 3% per annum and shall be repaid from 50% of available cash flow derived from the Low Income Units (as defined in the City Loan documents) and from the proceeds of a Capital Transaction pursuant to Sections 5.2A and B, respectively. The terms of the City Loan shall be subject to the approval of the Special Limited Partner.

"Co-General Partner" means Amerland/Rosslyn Partners, LLC, a California limited

liability company, and its successors and assigns.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Compliance Period" means the "compliance period" as defined in Section 42 of the Code for the Property or any building comprising a part of the Property.

"Consent" of any Partner means the advance written consent or approval of such Partner.

"Construction Consultant" means Don Prohaska and Associates, or any other architectural or engineering firm designated by the Special Limited Partner.

"Construction Contract" means the AIA Standard Form of Agreement between Owner and Contractor dated October \_\_, 2007, by and between the Partnership and the General Contractor, including any amendments or change orders thereto which shall have received the consent of the Special Limited Partner.

"Construction Lender" means the Bond Issuer.

"Construction Mortgage Loan" means Bond Loan prior to conversion to its permanent phase.

"Construction Mortgage Closing" means the acquisition of the Property by the Partnership and the execution and delivery by all parties thereto of all documents evidencing or related to the Construction Mortgage Loan and the application of the full principal amount of the Construction Mortgage Loan proceeds to payment by the Partnership of the purchase price of the Property.

"CPI Adjustment" means the ratio of (a) the Consumer Price Index most recently published prior to the specified date the CPI Adjustment is to be determined, divided by (b) the Consumer Price Index most recently published prior to the Admission Date. "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefore.

"Credit Agency" means the California Tax Credit Allocation Committee.

"Credit Period" means the "credit period" for the Property or any building comprising a part of the Property, as defined in Section 42 of the Code.

"Debt Service" shall mean all payments of interest, principal and recurring charges due and payable on the Mortgages during a specified period.

"Debt Service Coverage" means actual Net Operating Income as determined by the Accountants for a specified number of consecutive months expressed as a percentage of all Debt Service payments from the Permanent Mortgage Loan and the Secondary Loans required to be actually paid (or which would have been due if monthly payments of Debt Service on the Permanent Mortgage Loan and the Secondary Loans were fully funded) during the same specified number of consecutive months.

"Deferred Development Cost Payment" means the deferred payment to be made by the Partnership to the General Partners or the Developer or the Guarantor, as applicable, in partial payment of the Guaranteed Development Cost under the circumstances set forth in Section 6.9 hereof.

"Designated Prime Rate" means the "prime rate" established by a preponderance of the largest U.S. banks as announced from time to time in the Wall Street Journal.

"Developer" means Islas Development, LLC, a California limited liability company, in its capacity as the developer of the Property which has contracted with the Partnership to perform certain services relating to the development of the Property.

"Development Agreement" means that certain Development Agreement by and between the Developer and the Partnership dated as of October 1, 2007.

"Development Completion Obligation" means the obligation of the Developer to acquire and develop the Property for a fixed turnkey price, as set forth in Section 6.9.

"Development Costs" means those costs included in the Financial Model attached as Exhibit 2 hereof necessary to achieve Full Completion and fully fund all reserves required hereunder.

"Development Funds" means those sources of funds available to meet Development Costs as more specifically described in Section 6.9B.

"Development Services Fee" means the fee payable pursuant to Section 6.11 to the Developer for the development services referred to therein.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"8609 Issuance" means the receipt by the Partnership from the Credit Agency of Internal Revenue Service Form(s) 8609 with respect to all buildings in the Property and allocating to the Partnership Low Income Housing Credit in an amount equal to at least 80% of the maximum annual Projected Credit.

"Eligible Basis" shall mean the adjusted basis of all the buildings in the Property, determined as to each such building as of the close of the first year of the Credit Period, as more particularly defined in Section 42(d) of the Code.

"Entity" means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association.

"Event of Bankruptcy" means with respect to any Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in a case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or state bankruptcy, insolvency or other similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or the issuance of an order for the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; or

(ii) the commencement by such Person of a proceeding seeking any decree, order or appointment referred to in clause (i), the consent by such Person to any such decree, order or the appointment, or taking of any action by such Person in furtherance of any of the foregoing.

"Exit Taxes" means the amount of federal income taxes and (to the extent applicable) State income taxes and Ohio income taxes payable by the partners of the Investor Limited Partner (taking into account all applicable deductions and credits attributable to such taxes in each taxing jurisdiction) attributable solely to the Investor Limited Partner's negative capital account in connection with a specified sale of the Property or liquidation of the Partnership; in each case assuming each such partner is a corporation that is not a closely-held corporation (as defined in the Code), pays taxes at the highest applicable marginal tax rate generally applicable to corporations and is not subject to the alternative minimum tax, and taking into consideration on a reiterative basis, the payment of such Exit Taxes as part of such sale or liquidation.

"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"50% Completion of Construction" means 50% completion of construction of the entire Property in accordance with the Plans and Specifications (based upon the total of hard costs incurred for work completed as a percentage of total hard costs in the development budget for the Property), as certified by the Inspecting Architect of the Property in a manner satisfactory to the Special Limited Partner.

"Filing Office" means the office of the Secretary of State of the State.

"Full Completion" means the occurrence of (a) completion of rehabilitation of the entire Property no later than December 31, 2009 and in compliance with the Property Documents, such completion evidenced by Partnership receipt of (i) written confirmation thereof from the Inspecting Architects and the General Contractor, and (ii) written approval of occupancy by all state and municipal agencies empowered or required to issue such approval, (b) all conditions with respect to the payment of retainages under the Construction Mortgage Loan documents, the Construction Contract and all construction subcontracts shall have been satisfied and all such retainages shall have been disbursed; (b) satisfaction of all requirements in the Property Documents relating to completion of the entire Property and (c) placement of the Property in service for purposes of the Code (applicable only to acquisition and rehabilitation projects) and the commencement of continuous and diligent efforts to obtain tenants for the Property.

"General Partner Closing Certificate" means the General Partner Closing Certificate dated as of October 1, 2007.

"General Contractor" means Westport Construction/ICON Builders.

"General Partner Loan" means a loan to the Partnership by a General Partner or an Affiliate of a General Partner referred to in Section 6.13.A.

"General Partners" means all Persons designated as General Partners in the Schedule and all Persons who become General Partners as provided herein, in each such Person's capacity as a General Partner of the Partnership, and if there be only one General Partner at any time, such term shall refer to such sole General Partner.

"Guaranteed Development Cost" means the fixed turnkey cost for which the General Partners guarantee to complete development of the Property pursuant to Section 6.9.A

"Guarantors" means The Amerland Group, LLC, a California limited liability company, The Paul B. Buxbaum 1997 Revocable Trust, and Jules Arthur, Ruben Islas and Paul Buxbaum, individually, each of whom has executed a guaranty of certain of the obligations of the General Partners with respect to the Partnership (if there be only one Guarantor at any time, such term shall refer to such sole Guarantor).

"Hazardous Material" shall have the collective meanings given to the terms "hazardous material," "hazardous substances," "hazardous wastes," "toxic substances" and analogous terms in the Hazardous Waste Laws. In addition, the term "Hazardous Material" shall also include oil and any other substance known to be hazardous.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated there under.

"Immediate Family" means, with respect to any Person, his spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law, children-in-law and grandchildren-in-law.

"Incentive Lease-Up Fee" means the fee payable to the Co-General Partner as consideration for providing certain supplemental leasing services with respect to the Property.

"Incentive Management Fee" means the fee payable by the Partnership pursuant to Section 6.12.D hereof.

"Initial Qualified Occupancy Date" means the first date following Full Completion on which at least 80% of the Low Income Units in the Property shall have been occupied by Qualified Tenants paying rent, and written confirmation thereof from the General Partners and the Management Agent has been delivered to the Limited Partners. The Limited Partners shall acknowledge receipt of such confirmation within thirty (30) days of receipt thereof.

"Inspecting Architect" means collectively, the project architect and the Construction Consultant.

"Installment" means a portion of the Capital Contribution due from the Investor Limited Partner as more fully set forth in Article IV.

"Interest" means the entire interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled hereunder and the obligation of such Partner to comply with the terms of this Agreement.

"Investment Expenses" shall mean the sum equal to not less than 7% of the total Capital Contributions of the Investor Limited Partner set forth in Section 4.1.A, which is the share of

expenses incurred by the Investor Limited Partner which are attributable to its investment in the Partnership.

"Investor Limited Partner" means Provident Tax Credit Fund IX, LLC, an Ohio limited liability company, or any Person who becomes a Substitute Investor Limited Partner as provided herein, in each such Person's capacity as the Investor Limited Partner of the Partnership.

"Land" means that certain parcel of land located in Los Angeles, California, upon which the improvements are to be constructed.

"Lenders" means the lenders with respect to the Permitted Loans.

"Limited Partner" or "Limited Partners" means the Investor Limited Partner and the Special Limited Partner.

"Limited Partner Loan" means a loan to the Partnership by a Limited Partner referred to in Section 6.13.A.

"Low Income Housing Credit" means the amount of low-income housing tax credit, as certified by the Accountants, which the Partnership and/or its Partners has or will claim pursuant to Section 42 of the Code (or successor provisions) with respect to the Property.

"Low Income Unit" means one of the 259 dwelling units in the Property which is to be occupied by a Qualified Tenant meeting the requirements in both clauses (a) and (b) of the definition of "Qualified Tenant" in Article XI and at a rent level and otherwise in compliance with all requirements such that such dwelling unit will be included in the numerator of the "unit fraction" for purposes of Section 42(c) (1) (C) of the Code.

"Management Agent" means the managing and rental agent for the Property engaged by the Partnership pursuant to Section 6.12.

"Management Agreement" means the agreement between the Partnership and the Management Agent in effect from time to time providing for management services to the Property.

"Master Lease" means the Master Lease Agreement entered into between the Partnership and Rosslyn Commercial, LLC, dated as of October 1, 2007.

"Minimum Set Aside" means occupancy of dwelling units in all of the Property sufficient to satisfy the "40-60 test" set forth in Section 42(g) of the Code within the time period required there under, and any additional set-aside required by either the Credit Agency or the Secondary Loans.

"Mortgage" or "Mortgages" means any or all of the indebtedness of the Partnership evidenced by the Permitted Loans, and any other indebtedness secured by a mortgage of the Property. Where the context admits, the term Mortgage shall include any mortgage, deed, note, security agreement or other instrument executed in connection with a Mortgage which is binding on the Partnership; and in case a Mortgage is replaced or supplemented by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages.

"Net Operating Income" for a particular period shall be the excess of Operating Revenue (excluding rent which is paid by any tenant of a Low Income Unit who is not a Qualified Tenant) actually received during such period by the Partnership on a cash basis (except that, for Debt Service Coverage purposes only, any rental subsidies payable by a government agency pursuant to Section 8 certificates or comparable subsidy programs shall be included in Operating Revenues on an accrual basis) over all Operating Expenses (subject to the modifications provided below) for such period determined on an annualized accrual basis including a ratable share of seasonal expenses which are normally incurred on an unequal basis during each month of a full annual period of operation. For purposes of determining Net Operating Income, (A) Operating Revenue derived from the residential tenants will be adjusted to assume economic vacancy (physical vacancy and bad debt) as the greater of (i) actual economic vacancy and (ii) 5% and (B) Operating Revenue derived from the commercial space (which shall include event income of up to \$120,000) shall be determined based upon the lower of (i) actual rent paid (excluding prepaid rent) by the commercial tenants, less 10% vacancy, or (ii) the Minimum Rent (as defined in the Master Lease) specified in the Master Lease. For purposes of determining Net Operating Income only, Operating Expenses will be deemed to be equal to: (a) the actual Operating Expenses (determined on an annualized accrual basis, as described above) with respect to property management fees provided they are not less than 4% of Operating Revenues, utilities supported by actual invoices referencing usage during the period and reasonably adjusted by the Special Limited Partner to account for seasonality, real estate taxes and insurance (supported by renewal invoice for permanent property and liability coverage required by Section 6.5 and, (b) with respect to all other items of Operating Expenses including repairs and maintenance, payroll, administrative expenses and replacement reserves, the higher of: (i) the actual Operating Expenses (determined on an annualized accrual basis, as described above), or (ii) the pro forma amount set forth in the financial forecast attached as Exhibit 2 for such expense item attributable to such period.

"Operating Deficit" means the excess (if any) of the sum of Operating Expenses, required Debt Service and the Asset Management Fee over Operating Revenues for a particular period, as more specifically described in Section 6.10.

"Operating Deficit Loan" means a loan made to the Partnership pursuant to Section 6.10 and which is repayable without interest and only as provided under this Agreement.

"Operating Expenses" means all the costs and expenses of any type which are incident to the ownership and operation of the Property, including, without limitation, real estate and other taxes, the cost of operations (including the cost of any services provided to residents), maintenance and repairs, the Base Management Fee, the funding of the Replacement Reserve, any reserves required to be maintained by the Lenders and all amounts due with respect to Partnership indebtedness, but specifically excluding Debt Service, initial funding or replenishment of the Operating Reserve, the Asset Management Fee, the cost of those items which are included in Development Costs pursuant to Section 6.9, payments made pursuant to Section 5.2.A or 5.2.B, depreciation and other non-cash charges and cash distributions to Partners.

"Operating Reserve" shall mean the reserve maintained pursuant to Section 6.14.B to meet Operating Deficits.

"Operating Revenue" means actual collected rental revenue (excluding rent paid more than 30 days in advance or rent concessions not collected), rent from the Master Lease and any rental subsidies payable by a governmental agency pursuant to Section 8 certificates or comparable subsidy programs which shall be includable on an accrual basis plus all actual Ancillary Income. For purposes of this definition, Ancillary Income shall include laundry income, parking revenue and other incidental revenues which are received by the Partnership and arise from the operation of the Property as a rental apartment property.

"Original Agreement" has the meaning set forth in the Preliminary Statement.

"Original Limited Partner" has the meaning set forth in the Preliminary Statement.

"Outstanding Capital" means, as to any Partner at any point in time, the excess of: (a) the amount of the Capital Contributions paid in by such Partner through such time (in the case of the Investor Limited Partner, including both amounts paid pursuant to Section 4.1, all amounts paid or payable on behalf of the Investor Limited Partner by the General Partners pursuant to Section 4.2 and the Investment Expenses, and, in the case of the General Partners, including only amounts paid by the General Partners pursuant to Section 3.1), over (b) in the case of the Investor Limited Partner, amounts which have previously been distributed to the Investor Limited Partner pursuant to Sections 5.2A and 5.2B as distributions in respect of its Positive Capital Account.

"Partner" or "Partners" means any or all of the General Partners and the Limited Partners.

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted and amended.

"Partnership Management Fee" means that certain noncumulative fee in the annual amount of \$10,000 (increased annually by 3.5%) payable to the Managing General Partner pursuant to Sections 5.2A and B as consideration for certain managerial services provided to the Partnership by the Managing General Partner.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Non-Recourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Section 1.704-2(d).

"Partnership Non-Recourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Partner Non-Recourse Debt" means any Partnership liability (1) that is considered non-recourse under Regulation Section 1.1001-2 or for which the creditor's right to repayment is limited to one or more assets of the Partnership and (2) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Non-Recourse Debt Minimum Gain" means the amount of partner non-recourse debt minimum gain and the net increase or decrease in partner non-recourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(g)(3).

"Permanent Mortgage Loan" means the Bond Loan after the Bond Loan has converted to

its permanent phase. Prior to executing any documents in connection with the Permanent Mortgage Loan, the General Partners shall obtain written confirmation from the Special Limited Partner that the Permanent Mortgage Loan satisfies the criteria set forth in the definition of the "Bond Loan".

"Permanent Mortgage Lender" means the Bond Issuer, in its capacity as the issuer of the Bond Loan, together with its successors and assigns in such capacity.

"Permitted Loans" means the Construction Mortgage Loan, the Permanent Mortgage Loan and the Secondary Loans.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa.

"Plans and Specifications" means the plans and specifications for the Property dated October \_\_, 2007, which have been delivered to the Special Limited Partner together with future revisions thereof, which shall have received the Consent of the Special Limited Partner. In no event shall a future modification, revision or any amendment to the Plans and Specifications be effective unless such modification, revision or amendment has been initialed by both General Partner and the Special Limited Partner.

"Positive Capital Account" means the capital account (if positive) of the Investor Limited Partner as computed immediately prior to (and without giving effect to cash distributions from or allocations of taxable profit or loss arising from) a specified Capital Transaction.

"Projected Credit" means the projected amounts of Low Income Housing Credit set forth in the table in Section 4.2.A.

"Property" means the real property located at 101 W. 5<sup>th</sup> Street in Los Angeles, California, which real property is more fully described in Exhibit 1 attached hereto, together with (i) all buildings and other improvements or to be constructed thereon (including those intended for commercial use) and (ii) all furnishings, equipment, fixtures and personal property covered by the Mortgages, known or to be known as The Rosslyn Lofts.

"Property Documents" means all promissory notes, mortgages, agreements and other instruments executed in connection with any of the Mortgages; the Plans and Specifications; the Management Agreement; all applications, reservations, carryover allocations, restrictive covenants and extended use agreements and all other agreements and documents related to the Low Income Housing Credit; agreements relating to real estate taxation and assessments relating to the Property; agreements relating to the availability of parking for users of the Property; and any other agreement or instrument relating to the Property or under which the Partnership is bound.

"Qualified Income Offset Item" means (1) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's Interest, and (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (2) a distribution that, as of the end of such year, reasonably is expected to be made to

a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (a) who occupies a dwelling unit in the Property pursuant to an executed lease which is for an initial term of at least six months, requires payment of rent at levels not less than those set forth on Exhibit 2 and conforms to all requirements of the Property Documents and (b), in the case of a tenant occupying a Low Income Unit, who meets the income requirements for a "low income unit" (as defined in Section 42 of the Code) and will not prevent the Partnership from obtaining the Low Income Housing Credit with respect to such Low Income Unit.

"Related Person" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"Rent Restriction Test" means the test pursuant to Section 42 of the Code whereby the gross rent (as defined therein) charged to tenants of the Low Income Units may not exceed thirty percent (30%) of the qualifying income levels.

"Replacement Reserve" shall mean the reserve maintained pursuant to Section 6.14.C to make capital repairs and improvements.

"Retirement" (including the verb form "Retire" and the adjective form "Retiring") means as to a General Partner, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution, or voluntary or involuntary withdrawal from the Partnership for any reason, and shall constitute "retirement" for purposes of the Uniform Act. "Retirement" shall also mean the sale, assignment, transfer or encumbrance by a General Partner of its interest as a General Partner. A General Partner which is a corporation, limited liability company or partnership shall be deemed to have sold, assigned, transferred or encumbered its interest as a General Partner in the event of any sale, assignment, transfer or encumbrance of a controlling interest (held either directly or indirectly by Ruben Islas and Jules Arthur) in a corporate or limited liability company General Partner or of a general partner interest in a General Partner which is a partnership.

"Schedule" means Schedule A of Partners annexed hereto as amended from time to time and as so amended at the time of reference thereto.

"Secondary Lender" means the City of Los Angeles Community Redevelopment Agency, as maker of the City Loan,

"Secondary Loans" means the City Loan.

"Special Limited Partner" means SCDC, LLC, an Ohio limited liability company, or such other Person as it may substitute pursuant to Section 9.4 hereof.

"Stabilized Occupancy" means, for a period of three consecutive months, (a) the achievement of 115% Debt Service Coverage over such period (for purposes of Sections 6.9 and 6.10, the occurrence of Stabilized Occupancy must be verified by monthly financial statements prepared or reviewed by the Accountants), (b) occupancy of at least 90% of the apartment units by tenants (who must be Qualified Tenants in the case of the Low-Income Units) paying rent

under written leases in good standing, (a) commencement of payments of both principal and interest on the Bond Loan , and (d) achievement of the Initial Qualified Occupancy Date.

"State" means the State of California.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Sections 9.2 or 9.4.

"Supplemental Management Fee" means the amount payable (in addition to the Base Management Fee) from time to time by the Partnership to the Management Agent (or to the General Partners if there shall be no Management Agent serving hereunder) on an annual basis for management services in accordance with Sections 5.2.A and 6.12.C.

"Tax Credit Application" means the Tax-Exempt Bond Application for Low-Income Housing Tax Credits Application dated July 2, 2007 and submitted to the Credit Agency by the Partnership, as amended and supplemented to date.

"Uniform Act" means the Revised Limited Partnership Act as adopted by the State.

"Vessel" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

WITNESS the execution hereof as of the 1st day of September, 2007.


CO-GENERAL PARTNER:

AMERLAND/ROSSLYN PARTNERS, LLC,  
a California limited liability company

By: Rosslyn Partners, LLC,  
a California limited liability company,  
its Managing Member

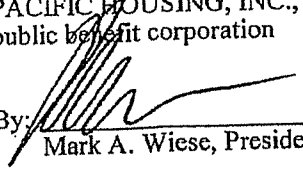
By: The Amerland Group, LLC,  
a California limited liability company,  
its Manager

By: Islas Development, LLC,  
a California limited liability company,  
its Manager

By:   
Ruben Islas, Sole Member

MANAGING GENERAL PARTNER:

PACIFIC HOUSING, INC., a California nonprofit  
public benefit corporation

By:   
Mark A. Wiese, President

INVESTOR LIMITED PARTNER

PROVIDENT TAX CREDIT FUND IX, LLC

By: Red Capital Community Development Company, LLC,  
its managing member

By: \_\_\_\_\_  
Anil Advani, Vice President

WITNESS the execution hereof as of the 1st day of September, 2007.

CO-GENERAL PARTNER:

AMERLAND/ROSSLYN PARTNERS, LLC,  
a California limited liability company

By: Rosslyn Partners, LLC,  
a California limited liability company,  
its Managing Member

By: The Amerland Group, LLC,  
a California limited liability company,  
its Manager

By: Islas Development, LLC,  
a California limited liability company,  
its Manager

By: \_\_\_\_\_  
Ruben Islas, Sole Member

MANAGING GENERAL PARTNER:


PACIFIC HOUSING, INC., a California nonprofit  
public benefit corporation

By: \_\_\_\_\_  
Mark A. Wiese, President

INVESTOR LIMITED PARTNER

PROVIDENT TAX CREDIT FUND IX, LLC

By: Red Capital Community Development Company, LLC,  
its managing member

By:   
Anil Advani, Vice President

SPECIAL LIMITED PARTNER

SCDC, LLC, an Ohio limited liability company

By: Red Capital Community Development  
Company, LLC, its sole member

By: Anil Advani  
Anil Advani, Vice President

WITHDRAWING LIMITED PARTNER

ISLAS DEVELOPMENT, LLC, a California limited liability company

By: \_\_\_\_\_  
Ruben Islas, Sole Member

SPECIAL LIMITED PARTNER


SCDC, LLC, an Ohio limited liability company

By: Red Capital Community Development  
Company, LLC, its sole member

By: \_\_\_\_\_  
Anil Advani, Vice President

WITHDRAWING LIMITED PARTNER

ISLAS DEVELOPMENT, LLC, a California limited liability company

By:   
\_\_\_\_\_  
Ruben Islas, Sole Member

The undersigned executes this Agreement not as a Partner but only to confirm that it is bound by the provisions of Sections 6.12.A, 6.12.B and 6.12.C and Article VII hereof.

LOGAN PROPERTY MANAGEMENT,  
INC., a California corporation

By: *M Ennquez*  
Name: Martha Ennquez  
Its: President

The undersigned executes this Agreement not as a Partner but only to confirm that it is bound by the provisions of Sections 6.5B and 7.10 hereof.

Westport Construction/ICON BUILDERS,  
a joint venture

By: \_\_\_\_\_  
Allen W. Sands,  
ICON Builders Partner

The undersigned executes this Agreement not as a Partner but only to confirm that it is bound by the provisions of Section 6.9 hereof.

DEVELOPER:

ISLAS DEVELOPMENT, LLC, a  
California limited liability company

By: \_\_\_\_\_  
Ruben Islas, Sole Member

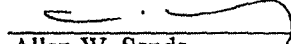
The undersigned executes this Agreement not as a Partner but only to confirm that it is bound by the provisions of Sections 6.12.A, 6.12.B and 6.12.C and Article VII hereof.

LOGAN PROPERTY MANAGEMENT,  
INC., a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The undersigned executes this Agreement not as a Partner but only to confirm that it is bound by the provisions of Sections 6.5B and 7.10 hereof.

Westport Construction/ICON BUILDERS,  
a joint venture

By:   
Allen W. Sands,  
ICON Builders Partner

The undersigned executes this Agreement not as a Partner but only to confirm that it is bound by the provisions of Section 6.9 hereof.

DEVELOPER:

ISLAS DEVELOPMENT, LLC, a  
California limited liability company

By:   
Ruben Islas, Sole Member

Attachments

Exhibit 1	Legal Description Of Property
Exhibit 2	Financial Forecast
Exhibit 3	Project Summary
Schedule A	Schedule of Partners

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Exhibit 1

The Rosslyn Lofts Housing Partners, LP

Legal Description Of Property

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### LEGAL DESCRIPTION

The land referred to in this policy is situated in the State of California, County of Los Angeles, , and described as follows:

That portion of Lot 1 in Block 9 of Ord's Survey, in the County of Los Angeles, State of California, as per Map recorded in Book 53, Page 66 et seq , of Miscellaneous Records, in the Office of the County Recorder of said County, described as follows:

Beginning at the Southeast corner of said Lot, thence Westerly along the Southerly line of said Lot, 158.10 feet to the Southeasterly line of that certain 20 foot alley described in the deed recorded March 31, 1898 in Book 1230, Page 40 of Deeds, thence along said alley. North  $37^{\circ} 48' 15''$  East, 120 feet to the Northerly line of said Lot 1, thence Easterly along said Northerly line, 158.32 feet, more or less, to the most Easterly corner of said Lot, thence Southerly along the Easterly line of the same, 120 feet to the point of beginning.

Also the right to erect and maintain forever, a building or buildings over and above that portion of the alley adjoining the above described parcel immediately to the West, such building or buildings to be at least 18 feet high, as reserved by John H Jones and Carrie M Jones in the deed to the City of Los Angeles, recorded March 31, 1898 in Book 1230, Page 40 of Deeds.

(End of Legal Description©)

Exhibit 2

The Rosslyn Lofts Housing Partners, LP  
Financial Forecast

The Co-General Partner acknowledges that the attached Financial Forecast is the final forecast for use as a reference point for the Agreement of Limited Partnership.

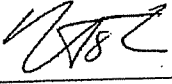
CO-GENERAL PARTNER:

AMERLAND/ROSSLYN PARTNERS, LLC,  
a California limited liability company

By: Rosslyn Partners, LLC,  
a California limited liability company,  
its Managing Member

By: The Amerland Group, LLC,  
a California limited liability company,  
its Manager

By: Islas Development, LLC,  
a California limited liability company,  
its Manager

By:   
\_\_\_\_\_  
Ruben Islas, Sole Member

Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Fee Structure

Financing Assumptions

Acquisition Fees	0.00%
Acquisition Expense	0.00%
Offering and Organizational Expense	0.00%
Placement Agent Fee	0.00%
Fund Management Fee	0.00%
Investor Service Fee	0.00%
Fund Reserve	0.00%
<b>Total Investment (Gross Equity)</b>	<b>16,325,269</b>
<b>Net Equity</b>	<b>16,325,269</b>

Permanent Loan	24,550,000	Fixed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Interest Rate	5.2100%		
Amortization	450		
Term	360		
Commencement Date	10/1/2007		
Months in Base Year	3		
Base Year Net Operating Income	1,768,437		
Annual Debt Service Coverage	1,467,721		
Base Year DSC	1.20		
Base Year LTV	5.95%	cap rate	52% credits
Developer Fee	2,500,000		
Deferred Developer Fees	94,773	4%	
Repayment from Cash Flow	2,405,227		
Interest Rate	103.00%		
Amortization	5.95%		
Term	180		
Commencement	10/1/2009		

Construction Loan Calculation	53,731,405
Total Costs	
Less:	
Developer Fee, Overhead, & Profit	(2,500,000)
Retention	(1,600,500)
Post Construction Interest	(1,608,588)
Reserve	(686,000)
Cost to build	47,286,237
Equity	11,427,688
Soft Loans	7,200,000
Soft Loan Interest	500,000
Perm Loan	69,518
Required Construction Loan	28,089,030
Cash Flow	
Construction Loan - GP Equity	28,508,000
Construction Loan	5,216,329
Interest Rate	36 months
Term	

30-Day LIBOR	5.80%
Investment Rate	4.800%
2nd Mortgage	
Interest Rate	5.21%
Fixed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Amortization	240
Term	240
Deferral of Payments (Months)	0
Interest & Principal Deferral	0

Real Property	27.5
Personal Property	5
Site work	15
Improvements	10/1/2007
Remaining Months in Year:	3
Acquisition	10/1/2007
Remaining Months in Year:	3
Remaining Months in Year:	11/26/09
Remaining Months in Year:	12

Other values need to be inputted	
File Path	H:\Tax Credit\Unshelving\Banks in progress\Reagan
Partnership Name	Lofts@Rosslyn Lofts (10-4-07) LT DRAFT
Property Location	for Attachment to Partnership Agreement\Baltimore
Developer	ROSSLYN LOFTS
Originator	LOS ANGELES
	AMERLAND
	JVD
# of Units	237
# of Buildings	1
Projected Start Date	10/1/2007
Projected Completion Date	10/1/2009
Base Year (1st date of year of operations commencement)	1/1/2007
# of Months of Construction	24
Tax Credit Information:	
Construction Credit %	3.46%
Acquisition Credit %	3.46%
Developer/Red Credit Allocation Amount	1,642,162
Difficult Development Area/QCT	130%
Low Income Percentage	100.00%
Tax Rate	35%
Depreciation:	
Depreciation Average Start - Improvements	10/1/2007
Depreciation Average Start - Acquisition	10/1/2007
Tax Credit Start Date	1/1/2009

Other Financing (Hard)	6.00%
Interest Rate on Other Financing (Hard)	360
Term of Other Financing (Hard)	8,000,000
CRA Loan	3.00%
Interest Rate on CRA Loan	6.00%
Soft Financing #2	6.00%
Interest Rate on Soft Financing #2	6.00%
Soft Financing #3	6.00%
Interest Rate on Soft Financing #3	6.00%

Variable Rate Construction Loan?	2
1=yes, 2=no	

Fixed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Fixed?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



**Rossllyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement**

**Capital Contribution Schedule**

Payment Date	Net Investor Equity	% of Net Equity
10/1/2007	4,997,581	30.00%
9/1/2008	6,530,108	40.00%
	-	0.00%
10/1/2009	2,448,790	15.00%
10/1/2010	2,448,790	15.00%
	-	0.00%
	-	0.00%
	-	0.00%
	-	0.00%
	-	0.00%
	<u>16,325,269</u>	<u>100.00%</u>

\$0.990 net cents per \$1.00 of tax credits.

\$0.9900

**Syndication Percentages**

% of Ownership	0.010000%
General Partners	0.000000%
SLP	99.99000000%
Investor - Fund	0.00999900%
- Fund GP	99.98000010%
- Fund Investor	<u>100.000000%</u>

**Cash Flow Distribution:**

General Partners	90.00000%
SLP	0.00000%
Investor - Fund	10.00000%
- Fund GP	0.00100000%
- Fund Investor	<u>9.99900000%</u>
	<u>100.00000%</u>

**Loss Allocation:**

General Partners & SLP	0.0100%
Investor - Fund	99.9900%
- Fund GP	0.00999900%
- Fund Investor	<u>99.98000010%</u>
	<u>100.00000%</u>

**Equity Bridge Loan**  
% of Net Equity

0.00%

**LIHTC and Depreciation Allocation:**

General Partners & SLP	0.0100%
Investor - Fund	99.9900%
- Fund GP	0.00999900%
- Fund Investor	<u>99.98000010%</u>
	<u>100.00000%</u>

**Sales Proceeds Distribution:**  
% after return of positive capital

General Partners	90.00000%
SLP	0.00000%
Investor - Fund	10.00000%
- Fund GP	0.00100000%
- Fund Investor	<u>9.99900000%</u>
	<u>100.00000%</u>

Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Rental Income		Maximum Allowance		Underwritten		Income	
# of Units	AMR Restriction	Gross Rent per Month	Net Rent per Month	Total Rent per Month	Sq. Ft.	Year of Operations Commenced	2007
1	100%	37,815	37,815	134,421	503	2007	2,770,555
0	80%	31,100	24,880	104,421	375		(1,147,359)
0	35%	4,500	453	38,980	125		816,812
0	30%	4,500	453	38,980	125		1,574,750
1	AMT	1,100	1,513	57,479	1,212		102,000%
Total		397	3,573	230,860	117,448		

Low Income Units	213	2,770,555	39,475
% Low Income based on Units	0	100.00%	investor's highly reserve
% Low Income based on Sq. Ft.	0	100.00%	investor's highly reserve

Month	# of Units (Rented)	Physical Occupancy	Rental Income	Other Income	Operating Expenses	Net Operating Income	Per Sq. Ft. Per Year
1/1/2007	0	0%	0	0	0	0	0.00
2/1/2007	0	0%	0	0	0	0	0.00
3/1/2007	0	0%	0	0	0	0	0.00
4/1/2007	0	0%	0	0	0	0	0.00
5/1/2007	0	0%	0	0	0	0	0.00
6/1/2007	0	0%	0	0	0	0	0.00
7/1/2007	0	0%	0	0	0	0	0.00
8/1/2007	0	0%	0	0	0	0	0.00
9/1/2007	0	0%	0	0	0	0	0.00
10/1/2007	24	8%	37,815	5,513	93,972	1,733	(52,377)
11/1/2007	24	8%	37,815	5,513	93,972	1,733	(52,377)
12/1/2007	24	8%	37,815	5,513	93,972	1,733	(52,377)
Total/Average	24	8%	113,445	16,539	281,917	5,199	(52,377)

Month	# of Units (Rented)	Physical Occupancy	Rental Income	Other Income	Operating Expenses	Net Operating Income	Per Sq. Ft. Per Year
1/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
2/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
3/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
4/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
5/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
6/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
7/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
8/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
9/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
10/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
11/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
12/1/2008	24	8%	37,815	20,094	94,178	2,316	(38,895)
Total/Average	288	8%	518,812	241,008	1,130,441	30,393	(607,713)

Month	# of Units (Rented)	Physical Occupancy	Rental Income	Other Income	Operating Expenses	Net Operating Income	Per Sq. Ft. Per Year
1/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
2/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
3/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
4/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
5/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
6/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
7/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
8/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
9/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
10/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
11/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
12/1/2009	40	27%	87,920	34,538	101,726	4,898	21,233
Total/Average	480	27%	1,074,730	413,657	1,220,715	58,971	1,050,954

Category	Amount	Per Sq. Ft. Per Year
Base Operating Expenses	1,147,397	51.82
2nd Year Operating Expenses	281,917	24.0
Inflation Factor	103.00%	0.52
Replacement Reserve / Unit	250	2.40
Base Replacement Reserve	74,250	1,200.51
2009 Administration Fee	15,000	3.15
PMCA Administration Fee	5,000	0.43
Administration Fee Percentage	0%	1.34
Fee Cap	12,000%	330.00
Incentive Management Fee	90,00%	0.00
Property Management Fee	5.00%	311.37
Subordinated Management Fee	2.00%	74.250
Total Operating Expenses	1,314,124	4,424.66

Category	Amount	Per Sq. Ft. Per Year
Leak	(92,177)	19%
Management Fee	(74,250)	
Replacement Reserve	1,147,397	
Base Operating Expenses		

Category	Amount	Per Sq. Ft. Per Year
MOVIE/FILM INCOME	\$100,000	
SARAGE INCOME (NMI)	543,200	
NNN COMMERCIAL INCOME	928,720	
OTHER INCOME (NET)	362,914	
GROSS		

Category	Amount	Per Sq. Ft. Per Year
Base DSC	2,770,555	
Rental Income	460,534	
Operating Expenses	(1,147,359)	
Replacement Reserve	(74,250)	
Funds Available	1,788,437	
Mortgage Debt Service	(1,467,721)	
Base DSC	1,205	
Break-even Occupancy	86.07%	

Roslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Projected Cash Flow

Year	Rental Income	Vacancy	Net Other Income	Operating Expenses	Management Fee	Net Operating Income	Withdrawals from Operating Reserves	Replacement Reserves	First Mortgage Debt Service	Trustee and Issuer Fees	Other Financing Debt Service	Cash Flow	DSC
2006	0	0	0	0	0	0	0	0	0	0	0	0	0
2007	113,446	-	16,639	281,917	5,199	(157,132)	-	-	-	-	-	(157,132)	-
2008	518,812	-	241,008	1,130,141	30,393	(400,713)	-	-	-	-	-	(400,713)	-
2009	1,974,750	(13,826)	415,657	1,220,715	95,071	1,060,994	-	-	-	-	-	1,060,994	-
2010	2,940,135	(147,007)	478,110	1,334,927	122,671	1,813,640	18,563	18,563	244,820	-	-	1,550,457	1.20
2011	2,989,938	(149,847)	487,672	1,374,875	100,100	1,861,588	-	-	1,467,721	-	-	317,389	1.22
2012	3,086,916	(152,946)	497,426	1,416,224	102,102	1,885,070	-	-	1,467,721	-	-	338,577	1.23
2013	3,120,095	(156,005)	507,374	1,458,711	104,144	1,906,610	709,431	709,431	1,467,721	-	-	1,069,184	1.25
2014	3,182,466	(159,127)	517,522	1,502,472	106,227	1,932,195	-	-	1,467,721	-	-	380,904	1.26
2015	3,246,146	(162,307)	527,872	1,547,546	108,351	1,955,814	-	-	1,467,721	-	-	402,016	1.27
2016	3,311,059	(165,553)	538,430	1,593,873	110,518	1,978,465	-	-	1,467,721	-	-	423,075	1.29
2017	3,377,291	(168,865)	548,198	1,641,792	112,729	2,003,104	-	-	1,467,721	-	-	444,064	1.30
2018	3,444,631	(172,242)	558,162	1,691,046	114,993	2,026,746	-	-	1,467,721	-	-	464,969	1.32
2019	3,513,733	(175,687)	571,386	1,741,777	117,283	2,050,373	-	-	1,467,721	-	-	484,972	1.33
2020	3,584,008	(179,200)	582,814	1,794,030	119,629	2,073,962	-	-	1,467,721	-	-	506,465	1.35
2021	3,655,688	(182,784)	594,470	1,847,851	122,021	2,097,501	-	-	1,467,721	-	-	527,000	1.36
2022	3,728,802	(186,440)	606,359	1,903,287	124,462	2,120,973	-	-	1,467,721	-	-	547,359	1.37
2023	3,803,378	(190,169)	618,487	1,960,385	126,951	2,144,369	-	-	1,467,721	-	-	567,659	1.39
Totals	49,572,540	(2,381,903)	8,310,508	25,441,770	1,722,834	28,356,541	709,431	1,722,972	19,324,989	-	-	8,528,000	-

Year	Transfer (to)/from Operations	Red Capital Admin Fee	Subordinated Management Fee	Partnership Management Fee	Cash Flow	Managing GP Fee	Cash Flow	Developer Fee	Cash Flow	Soft Loan	Cash Flow	Incentive Management Fee	Cash Flow	GP Distribution	Cash Flow	Upper-Tier Cash Flow to Investor
2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007	157,132	-	-	11,087	158,624	62,144	96,479	96,479	-	-	-	-	-	-	-	-
2008	400,713	-	-	35,037	198,406	17,815	180,590	180,590	-	-	-	-	-	-	-	-
2009	(1,060,994)	-	-	11,877	240,817	18,439	222,378	222,378	-	-	-	-	-	-	-	-
2010	(1,347,759)	16,631	66,733	11,877	969,024	19,084	949,939	949,939	-	-	-	-	-	-	-	-
2011	-	17,213	68,068	12,283	278,279	19,752	258,527	258,527	-	-	-	-	-	-	-	-
2012	-	18,439	69,429	12,723	276,418	20,443	256,418	256,418	-	-	-	-	-	-	-	-
2013	-	19,084	70,818	13,168	296,862	21,159	276,418	276,418	-	-	-	-	-	-	-	-
2014	-	19,752	72,234	13,629	315,323	21,900	294,164	294,164	-	-	-	-	-	-	-	-
2015	-	20,443	73,679	14,106	333,647	21,900	311,747	311,747	-	-	-	-	-	-	-	-
2016	-	21,169	75,152	14,600	351,814	22,666	329,148	329,148	-	-	-	-	-	-	-	-
2017	-	21,900	76,656	15,111	369,806	23,459	346,347	346,347	-	-	-	-	-	-	-	-
2018	-	22,666	78,189	15,640	387,604	24,280	363,323	363,323	-	-	-	-	-	-	-	-
2019	-	23,459	79,752	16,167	405,186	25,130	380,056	380,056	-	-	-	-	-	-	-	-
2020	-	24,280	81,347	16,753	422,530	26,010	396,521	396,521	-	-	-	-	-	-	-	-
2021	-	25,130	82,974	17,340	439,616	26,920	412,696	412,696	-	-	-	-	-	-	-	-
2022	-	26,010	84,654	17,930	457,537	27,830	430,000	430,000	-	-	-	-	-	-	-	-
2023	-	26,920	86,423	18,520	476,857	28,740	450,000	450,000	-	-	-	-	-	-	-	-
Totals	(1,850,909)	293,982	996,023	219,550	5,167,537	349,203	4,818,335	3,423,122	1,395,213	450,650	944,653	850,107	94,456	0	10.00%	94,447

\* Transfer to operations is used to pay construction interest prior to the permanent loan funding.

\*\*Note: Affiliated management company will earn 4% management fee until conversion, at it will earn a 3% base fee plus a 2% subordinated fee.

Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Projected Taxable Income(Loss)

Year	Net Operating Income	Interest Income on Escrow	Interest Income on Reserves	Interest on First Mortgage	Trustee and Issuer Fees	Interest on All Other Financing	Interest on Subordinated Management Fees	RCM Admin. Fee	Management Fee	Marketing GP Fee	Interest on Deferred Developer Fee	Incentive Prop. Mgr. Fee	GP Distribution as Income	Depreciation	LT & UT Funded Expenses	Net Income (Loss)	Upper-Tier Net Income (Loss)	Fund Level Income (Loss)	Net Income (Loss)
2007	(157,133)	-	-	-	-	-	-	-	-	-	-	-	-	202,851	38,723	(38,723)	(38,723)	-	(38,723)
2008	(400,713)	-	-	-	-	-	-	-	-	-	-	-	-	810,205	165,849	(165,849)	(165,849)	-	(165,849)
2009	1,080,084	-	-	-	-	-	-	-	-	-	-	-	-	2,082,047	2,082,047	(2,082,047)	(2,082,047)	-	(2,082,047)
2010	1,813,640	-	-	-	-	-	-	-	-	-	-	-	-	1,940,872	1,940,872	(1,940,872)	(1,940,872)	-	(1,940,872)
2011	1,881,588	3,730	19,477	1,278,185	213,978	240,000	18,556	16,631	11,037	62,144	98,479	-	-	1,804,801	1,804,801	(1,804,801)	(1,804,801)	-	(1,804,801)
2012	1,885,070	20,061	20,061	1,268,071	1,268,071	240,000	68,098	17,815	11,877	18,439	202,677	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2013	1,908,810	20,683	20,683	1,257,417	1,257,417	240,000	69,429	18,094	12,283	19,094	143,120	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2014	1,932,105	-	-	1,246,195	1,246,195	240,000	70,818	19,094	12,723	19,752	84,717	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2015	1,955,814	-	-	1,221,822	1,221,822	240,000	72,234	19,752	13,168	20,445	73,396	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2016	1,979,455	-	-	1,208,805	1,208,805	240,000	73,879	20,445	13,829	21,159	64,688	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2017	2,003,748	-	-	1,184,989	1,184,989	240,000	75,152	21,159	14,108	21,900	60,150	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2018	2,028,748	-	-	1,160,455	1,160,455	240,000	76,889	21,900	14,600	22,656	45,054	-	-	1,807,059	1,807,059	(1,807,059)	(1,807,059)	-	(1,807,059)
2019	2,050,373	-	-	1,138,105	1,138,105	240,000	78,552	22,656	15,111	23,458	28,009	125,481	0	1,777,255	1,777,255	(1,777,255)	(1,777,255)	-	(1,777,255)
2020	2,073,862	-	-	1,114,857	1,114,857	240,000	81,347	23,458	15,640	24,280	8,908	-	-	1,745,136	1,745,136	(1,745,136)	(1,745,136)	-	(1,745,136)
2021	2,097,501	-	-	1,148,957	1,148,957	240,000	84,654	24,280	16,187	25,130	-	-	-	1,818,101	1,818,101	(1,818,101)	(1,818,101)	-	(1,818,101)
2022	2,120,973	-	-	1,114,029	1,114,029	240,000	87,874	25,130	17,340	26,870	-	-	-	1,852,101	1,852,101	(1,852,101)	(1,852,101)	-	(1,852,101)
2023	2,144,559	-	-	1,114,029	1,114,029	240,000	84,654	26,870	17,340	26,870	-	-	-	1,852,101	1,852,101	(1,852,101)	(1,852,101)	-	(1,852,101)
Totals	28,358,841	63,431	63,431	15,864,458	15,864,458	3,400,000	666,023	263,882	218,550	349,203	1,017,885	850,107	0	27,442,100	27,338,151	(24,751,445)	(24,748,870)	-	(24,748,870)







# Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

## Permanent Loan Amortization

Permanent Loan	Principal	Rate	Term	Amortization	Start Date	Months Remaining	Monthly Payment	Year	Payment of Principal & Interest	Principal	Interest	0.00% MIP	Ending Balance	Mortgage Balance at Sale	Capitalized Interest	Principal Paid During Construction
	24,650,000	5.210%	360	480	10/01/10	3.00	122,310	2006	-	-	-	-	24,650,000	-	-	-
								2007	-	-	-	-	24,650,000	-	-	-
								2008	-	-	-	-	24,650,000	-	-	-
								2009	-	-	-	-	24,650,000	-	-	-
								2010	244,620	30,642	(213,978)	-	24,619,358	-	-	-
								2011	1,467,721	189,536	(1,278,185)	-	24,429,821	-	-	-
								2012	1,467,721	199,651	(1,268,071)	-	24,230,171	-	-	-
								2013	1,467,721	210,304	(1,257,417)	-	24,019,866	-	-	-
								2014	1,467,721	221,527	(1,246,195)	-	23,798,340	-	-	-
								2015	1,467,721	233,348	(1,234,374)	-	23,564,992	-	-	-
								2016	1,467,721	245,800	(1,221,922)	-	23,319,192	-	-	-
								2017	1,467,721	258,916	(1,208,805)	-	23,060,276	-	-	-
								2018	1,467,721	272,733	(1,194,989)	-	22,787,543	-	-	-
								2019	1,467,721	287,286	(1,180,435)	-	22,500,257	-	-	-
								2020	1,467,721	302,616	(1,165,105)	-	22,197,640	-	-	-
								2021	1,467,721	318,765	(1,148,957)	-	21,878,876	-	-	-
								2022	1,467,721	335,775	(1,131,947)	-	21,543,101	-	-	-
								2023	1,467,721	353,693	(1,114,029)	-	21,189,408	21,189,408	-	-
								Totals	19,324,999	3,460,592	(15,864,408)	-	-	-	-	-



# Roslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

## Deferred Developer Fees Amortization

Deferred Developer Fees		Year	Available Cash Flow	Payment	Principal	Calculated Interest	Paid Interest	Accrued Interest	Ending Balance
Principal	2,405,227	2006	-	-	-	-	-	-	2,405,227
Rate	6.00%	2007	-	-	-	-	-	-	2,405,227
Amortization	180	2008	0	0	0	-	-	-	2,405,227
Start Date	10/01/09	2009	-	-	-	36,078	-	36,078	2,441,305
Months in 1st Year	3	2010	96,479	96,479	-	146,478	96,479	86,077	2,491,304
Advance Payment	-	2011	180,590	180,590	-	149,478	180,590	54,965	2,460,192
		2012	222,378	222,378	19,802	147,612	202,577	-	2,385,426
		2013	949,939	949,939	806,814	143,126	143,126	-	1,578,612
		2014	258,527	258,527	163,810	94,717	94,717	-	1,414,801
		2015	276,418	276,418	191,530	84,888	84,888	-	1,223,271
		2016	294,164	294,164	220,768	73,396	73,396	-	1,002,503
		2017	311,747	311,747	251,597	60,150	60,150	-	750,906
		2018	329,148	329,148	284,094	45,054	45,054	-	466,812
		2019	346,347	346,347	318,338	28,009	28,009	-	148,474
		2020	363,323	157,382	148,474	8,908	8,908	-	-
		2021	380,055	-	-	-	-	-	-
		2022	396,521	-	-	-	-	-	-
		2023	412,696	-	-	-	-	-	-
<b>Total</b>			<b>4,818,335</b>	<b>3,423,122</b>	<b>2,405,227</b>	<b>1,017,895</b>	<b>1,017,895</b>	<b>177,121</b>	

# Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

## Reserves Schedule

Operating Reserve 646,000  
 Other Reserve -  
 Other Reserve -  
Total Reserves 646,000

Rate 3.00%  
 Initial Deposit Month 10/1/2010

Year	Beginning Balance	Deposits	Transfers	3.00% Interest	Withdrawals	Ending Balance
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	646,000.00	-	3,230	-	649,230
2011	649,230	-	-	19,477	-	668,707
2012	668,707	-	-	20,061	-	688,768
2013	688,768	-	-	20,663	(709,431)	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
<b>Totals</b>		646,000	-	63,431	(709,431)	

Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Calculation of Tax Credit

	Acquisition	Low-Income Credit
Depreciable Basis		48,256,153
Less:		
Building Acquisition		22,950,000
Commercial/Market Rate Rehabilitation (Includes \$25,000/1% of developer fee)		187,638
Unpaid Deferred Developer Fee		-
Eligible Basis Before Adjustment	22,950,000	25,118,515
Less:		
Market Rate Space and Garage	5,516,950	
Retail Space	2,295,000	
LIH Percentage	100.00%	100.00%
LIH Percentage	15,138,050	25,118,515
LIH Percentage	100%	130%
Difficult Development Area/QCT	15,138,050	32,654,069
Basis for LIH Credit	3.46%	3.46%
LIH Credit Percentage	523,777	1,129,831
LIH Credit Calculation		1,649,182
Credit Allocation Amount		1,649,182
Minimum of Allocation or Calculation		99.99000%
Percentage of Tax Credits to the Investor		1,649,017
Annual Tax Credits to the Investor		530.57
Tax Credits Per Unit Per Month		



# Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

## Depreciation Schedule

10/01/07  
10/01/09

	Total	Acquisition	Improvements
Real Property (27.5)	47,344,561	20,680,000	24,364,561
Real Property (40)	-	2,270,000	30,000
Site Work (15 Yr.)	-	-	-
Site Work (27.5 Yr.)	-	-	-
Personal Property/Equipment (5 Yr.)	911,592	-	911,592
Office Equipment (7 Yr.)	-	-	-
Flooring (5 Yr.)	<u>48,256,153</u>	-	-
		2012	2017
Replacements Reserves	95,040	418,210	484,820
Capital Improvements	-	-	-

Year	Real Property & Sitemwork 27.5	Commercial 39	Sitework 15 yr.	Personal Property 5 yr.	Flooring 5 yr.	Office Equipment 7 yr.	Replacement Reserves 5 yr.	Replacement Reserves 5 yr.	Total
2007	188,000	14,551	-	-	-	-	-	-	202,551
2008	752,000	58,205	-	-	-	-	-	-	810,205
2009	936,580	58,397	-	45,560	-	-	-	-	1,040,557
2010	1,637,984	58,974	-	346,405	-	-	-	-	2,043,363
2011	1,637,984	58,974	-	207,843	-	-	-	-	1,904,801
2012	1,637,984	58,974	-	124,706	-	-	19,008	-	1,840,672
2013	1,637,984	58,974	-	99,728	-	-	30,413	-	1,827,099
2014	1,637,984	58,974	-	87,331	-	-	18,248	-	1,802,537
2015	1,637,984	58,974	-	-	-	-	10,949	-	1,707,907
2016	1,637,984	58,974	-	-	-	-	10,949	-	1,707,907
2017	1,637,984	58,974	-	-	-	-	5,474	-	1,786,075
2018	1,637,984	58,974	-	-	-	-	83,642	-	1,830,786
2019	1,637,984	58,974	-	-	-	-	133,827	-	1,777,255
2020	1,637,984	58,974	-	-	-	-	80,296	-	1,745,136
2021	1,637,984	58,974	-	-	-	-	48,178	-	1,745,136
2022	1,637,984	58,974	-	-	-	-	48,178	-	1,745,136
2023	1,637,984	58,974	-	-	-	-	24,089	96,964	1,818,011
Totals	24,808,356	956,795	-	911,592	-	-	418,210	252,107	27,442,100

Rosslyn Loftis (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Depreciation Tables

Year	27.5 SL 10/1/2009	39 Yr. SL 10/1/2009	31.5 SL 10/1/2009	200% DB 7 Yr.	150% DB 12 Yr.	4th Quarter 200% DB 7 Yr.	150% DB 12 Yr.	Mid Year 200% DB 7 Yr.	150% DB 12 Yr.	3rd qtr. 15 Yr.	3rd qtr. 20 Yr.	4th qtr. 15 Yr.	4th qtr. 20 Yr.	Mid Year 15 Yr.	Mid Year 20 Yr.	4th qtr. 5 Yr.	Mid Year 5 Yr.
1	0.00758	0.00641	0.00794	0.10710	0.04690	0.03570	0.01560	0.14290	0.06250	0.03750	0.02813	0.01250	0.00938	0.05000	0.03750	0.05000	0.20000
2	0.03636	0.02564	0.03175	0.25510	0.11910	0.27550	0.12300	0.24490	0.11720	0.09630	0.07289	0.09880	0.07430	0.09500	0.07219	0.38000	0.32000
3	0.03636	0.02564	0.03175	0.18220	0.10430	0.19680	0.10770	0.17490	0.10250	0.08660	0.06742	0.08890	0.06672	0.08550	0.06677	0.22800	0.19200
4	0.03636	0.02564	0.03175	0.13020	0.09120	0.14060	0.09420	0.12490	0.08970	0.07800	0.06237	0.08000	0.06357	0.07700	0.05177	0.13680	0.11520
5	0.03636	0.02564	0.03175	0.09300	0.07980	0.10040	0.08240	0.08930	0.07850	0.07020	0.05769	0.07200	0.05880	0.06930	0.05713	0.10940	0.11520
6	0.03636	0.02564	0.03175	0.08650	0.07330	0.08730	0.07690	0.08920	0.07330	0.06310	0.05336	0.06480	0.05439	0.06230	0.05285	0.09580	0.05760
7	0.03636	0.02564	0.03175	0.08860	0.07330	0.08730	0.07690	0.08930	0.07330	0.05900	0.04936	0.05900	0.05031	0.05900	0.04888	0.09580	0.05760
8	0.03636	0.02564	0.03175	0.05530	0.07330	0.07640	0.07690	0.04460	0.07330	0.05900	0.04566	0.05900	0.04654	0.05900	0.05422	0.09580	0.05760
9	0.03636	0.02564	0.03175	0.07330	0.07330	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05900	0.04458	0.05910	0.04461	0.09580	0.05760
10	0.03636	0.02564	0.03175	0.07330	0.07330	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
11	0.03636	0.02564	0.03175	0.07330	0.07330	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
12	0.03636	0.02564	0.03175	0.07310	0.04680	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
13	0.03636	0.02564	0.03175	0.04680	0.04680	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
14	0.03636	0.02564	0.03175	0.03175	0.03175	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
15	0.03636	0.02564	0.03175	0.03175	0.03175	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
16	0.03636	0.02564	0.03175	0.03175	0.03175	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760
17	0.03636	0.02564	0.03175	0.03660	0.03660	0.07690	0.07690	0.07330	0.07330	0.05910	0.04460	0.05910	0.04458	0.05910	0.04461	0.09580	0.05760

0.02564

Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

704(B) Analysis

Year	Asset Value	Depreciation	Net Asset Value	Permanent Loan Balance	2nd Mortgage Balance	Other Financing Balance	Soft Financing Balance	Cash Flow	Minimum Gain	Change in Minimum Gain	Carryover Minimum Gain	Maximum Loss Allowed	Equity Investment	Annual Taxable Loss/Income	Lower Tier Capital Account Balance	Potential Reallocation
2007	49,605,153	(202,551)	49,603,602	24,950,000	-	-	6,000,000	-	-	-	4,490,158	4,690,158	11,427,888	1,390,568	4,490,158	-
2008	49,808,153	(1,012,756)	48,795,398	24,950,000	-	-	6,300,000	-	-	-	9,922,698	9,922,698	13,976,478	2,101,607	8,970,880	-
2009	49,808,153	(2,053,313)	47,754,839	24,950,000	-	-	6,540,000	-	-	-	9,978,690	9,978,690	16,325,269	698,456	11,530,214	-
2010	49,824,715	(4,059,477)	45,728,038	24,950,000	-	-	6,790,000	-	-	-	11,530,214	11,530,214	18,325,269	1,891,055	9,939,159	-
2011	49,801,193	(6,001,478)	43,895,715	24,928,921	-	-	6,920,000	-	-	-	7,945,158	7,945,158	18,325,269	1,794,132	7,845,028	-
2012	49,979,965	(7,842,150)	42,137,814	24,928,921	-	-	6,960,000	-	-	-	7,945,028	7,945,028	18,325,269	1,686,359	6,185,669	-
2013	50,061,100	(9,689,250)	40,391,650	24,928,921	-	-	6,990,000	-	-	-	6,155,028	6,155,028	18,325,269	1,605,375	4,550,284	-
2014	50,144,688	(11,471,786)	38,672,882	23,950,000	-	-	6,990,000	-	-	-	4,550,284	4,550,284	18,325,269	1,468,697	3,081,586	-
2015	50,230,745	(13,179,893)	37,051,032	23,950,000	-	-	6,990,000	-	-	-	3,081,586	3,081,586	18,325,269	1,424,425	1,657,171	-
2016	50,316,403	(14,987,000)	35,429,403	23,950,000	-	-	6,990,000	-	-	-	1,657,171	1,657,171	18,325,269	1,455,088	201,183	-
2017	50,410,721	(16,973,919)	33,737,416	23,950,000	-	-	6,990,000	-	1,490,827	1,490,827	701,183	1,688,111	18,325,269	1,451,848	(1,250,463)	-
2018	50,504,779	(19,094,461)	32,000,318	23,950,000	-	-	6,990,000	-	3,119,680	1,832,763	701,183	1,688,227	18,325,269	1,346,465	(2,890,958)	-
2019	50,601,444	(20,281,716)	30,319,728	23,950,000	-	-	6,990,000	-	4,835,802	1,216,212	701,183	2,038,844	18,325,269	1,365,444	(3,992,502)	-
2020	50,701,444	(22,028,852)	28,672,592	23,950,000	-	-	6,990,000	-	6,531,000	653,100	653,100	2,093,647	18,325,269	1,446,650	(5,443,295)	-
2021	50,804,224	(23,771,866)	27,032,358	21,878,876	-	-	11,339,725	13,842	9,076,168	1,483,081	601,827	2,120,656	18,325,269	1,463,189	(6,992,223)	-
2022	50,910,066	(25,595,869)	25,314,197	21,543,101	-	-	11,344,666	25,730	7,564,100	1,483,171	601,827	2,097,698	18,325,269	1,499,875	(8,486,943)	-
2023	51,016,125	(27,442,100)	23,574,025	21,189,408	-	-	11,440,350	26,845	9,098,921	1,483,171	601,827	2,097,698	18,325,269	1,499,875	(9,982,223)	-
2024																

89.880001%

Limited Partner Interest

Debt	
Capital Contribution	24,950,000
Permanent Loan	-
2nd Mortgage	-
Other Financing (Hard)	8,000,000
Soft Financing	-
<b>Total Non-Recourse Debt</b>	<b>32,950,000</b>

Assets	
Land	1,550,000
Building	48,250,153
Other Land Costs	-
<b>Net Assets</b>	<b>49,800,153</b>
Annual Replacement Res	74,250

Rosslyn Lofts (10-4-07) LT DRAFT for Attachment to Partnership Agreement

Value Analysis

Inflator	1.02	1.03	Rental Income	Vacancy	Other Income	Operating Expenses	Management Fee	Replacement Reserves	NOI	Cap Rate	Value	Sum of All Debt	Project Equity
1 2007			113,446	(6,489)	16,539	281,917	3,705	-	(162,136)	3.39%	(2,900,465)	35,255,541	(43,344,221)
2 2008			518,812	(37,991)	241,008	1,150,141	21,685	-	(629,966)	5.59%	(7,691,707)	35,662,513	(2,496,701)
3 2009			2,334,446	(168,023)	477,972	1,157,336	95,773	-	1,875,946	5.59%	33,558,963	36,054,664	(2,627,528)
4 2010			2,940,135	(171,622)	492,311	1,257,335	97,825	19,563	1,887,100	5.59%	33,758,494	36,386,020	(2,627,528)
5 2011			2,998,938	(175,301)	507,080	1,285,056	99,921	76,478	1,859,261	5.59%	33,280,489	36,339,426	(3,078,938)
6 2012			3,058,916	(179,060)	522,292	1,333,908	102,064	78,772	1,887,404	5.59%	33,763,935	36,251,164	(2,487,220)
7 2013			3,120,095	(182,903)	537,961	1,373,925	104,295	81,135	1,915,838	5.59%	34,272,597	36,119,293	(1,846,697)
8 2014			3,182,496	(186,830)	554,100	1,415,143	106,943	83,568	1,944,592	5.59%	34,786,433	35,891,103	(1,154,670)
9 2015			3,246,146	(190,843)	570,723	1,457,597	108,781	86,076	1,973,572	5.59%	35,305,398	35,713,689	(406,291)
10 2016			3,311,069	(194,946)	587,845	1,501,325	111,119	88,658	2,002,066	5.59%	35,829,440	35,433,992	396,448
11 2017			3,377,291	(199,139)	605,480	1,546,365	113,509	91,318	2,032,440	5.59%	36,358,500	35,098,780	1,259,720
12 2018			3,444,837	(203,424)	623,644	1,592,766	115,952	94,058	2,062,292	5.59%	36,892,516	34,704,639	2,187,877
13 2019			3,513,733	(207,804)	642,354	1,640,539	118,448	96,879	2,092,416	5.59%	37,431,417	34,247,961	3,183,466
14 2020			3,584,008	(212,282)	661,624	1,689,755	121,001	99,786	2,122,810	5.59%	37,975,128	33,724,934	4,250,193
15 2021			3,655,688	(216,858)	681,473	1,740,447	123,609	102,779	2,153,467	5.59%	38,523,565	33,244,824	5,278,741
16 2022			3,728,802	(221,536)	701,917	1,792,661	126,275	105,663	2,184,384	5.59%	39,076,659	32,867,465	6,209,194
17 2023			3,803,378	(226,318)	722,975	1,846,441	129,001	108,039	2,215,555	5.59%	39,634,253	32,656,087	6,978,166
18 2024			3,879,445	(231,205)	744,664	1,901,884	131,787	112,910	2,246,973	5.59%	40,196,302	32,314,834	7,881,468
19 2025			3,957,034	(236,202)	767,004	1,959,889	134,635	115,679	2,278,633	5.59%	40,762,672	32,050,580	8,712,092
20 2026			4,036,175	(241,309)	790,014	2,017,656	137,546	119,149	2,310,528	5.59%	41,333,243	31,760,131	9,573,113
21 2027			4,116,899	(246,531)	813,716	2,078,186	140,522	122,724	2,342,551	5.59%	41,907,886	31,442,169	10,465,716
22 2028			4,199,237	(251,866)	838,126	2,140,531	143,565	126,406	2,374,993	5.59%	42,486,460	31,095,321	11,391,139
23 2029			4,283,221	(257,325)	863,270	2,204,747	146,675	130,198	2,407,547	5.59%	43,068,818	30,718,143	12,350,676
24 2030			4,368,886	(262,903)	889,189	2,270,889	149,855	134,104	2,440,303	5.59%	43,654,802	30,309,126	13,345,677
25 2031			4,456,263	(268,605)	915,843	2,339,016	153,105	138,127	2,473,253	5.59%	44,244,245	29,886,688	14,377,566
26 2032			4,545,389	(274,435)	943,318	2,409,186	156,428	142,271	2,506,366	5.59%	44,836,966	29,461,174	15,374,792
27 2033			4,636,226	(280,396)	971,618	2,481,462	159,826	146,539	2,539,692	5.59%	45,432,777	28,874,847	16,547,930
28 2034			4,729,022	(286,489)	1,000,768	2,555,906	163,299	150,935	2,573,160	5.59%	46,031,477	28,321,890	17,709,587
29 2035			4,823,603	(292,720)	1,030,788	2,632,583	166,850	155,463	2,606,776	5.59%	46,632,651	27,728,396	18,904,465
30 2036			4,920,075	(299,089)	1,061,713	2,711,560	170,481	160,127	2,640,530	5.59%	47,236,676	27,092,370	20,144,306
31 2037			5,018,476	(305,602)	1,093,564	2,792,907	174,193	164,931	2,674,408	5.59%	47,842,712	26,411,718	21,430,983
32 2038			5,118,846	(312,261)	1,126,371	2,876,694	177,989	169,879	2,708,395	5.59%	48,450,709	25,684,248	22,765,460
33 2039			5,221,223	(319,069)	1,160,162	2,962,995	181,869	174,975	2,742,476	5.59%	49,060,398	24,907,660	24,152,738
34 2040			5,325,647	(326,031)	1,194,967	3,051,865	185,838	180,224	2,776,637	5.59%	49,671,592	24,079,644	25,591,948
35 2041			5,432,160	(333,149)	1,230,816	3,143,442	189,895	185,631	2,810,860	5.59%	50,283,725	23,197,373	27,086,352
36 2042			5,540,803	(340,427)	1,267,741	3,237,745	194,044	191,200	2,846,129	5.59%	50,896,756	22,256,497	28,638,259
37 2043			5,651,620	(347,870)	1,305,773	3,334,877	198,286	196,936	2,879,424	5.59%	51,510,269	21,260,139	30,250,130
38 2044			5,764,652	(355,480)	1,344,946	3,434,924	202,624	202,844	2,912,727	5.59%	52,123,919	20,199,383	31,924,536
39 2045			5,879,945	(363,262)	1,385,294	3,537,971	207,059	208,929	2,946,018	5.59%	52,737,346	19,073,175	33,664,171
40 2046			5,997,544	(371,220)	1,426,863	3,644,110	211,595	215,197	2,982,274	5.59%	53,350,169	17,878,307	35,471,862
41 2047			6,117,495	(379,358)	1,469,659	3,753,434	216,234	221,653	3,016,475	5.59%	53,961,981	16,611,417	37,350,574
42 2048			6,239,845	(387,680)	1,513,749	3,866,037	220,977	228,303	3,050,597	5.59%	54,572,395	15,286,977	39,285,418
43 2049			6,364,641	(396,190)	1,559,161	3,982,018	225,828	235,152	3,084,915	5.59%	55,180,941	13,847,285	41,333,656
44 2050			6,491,934	(404,894)	1,605,936	4,101,478	230,789	242,205	3,118,503	5.59%	55,787,171	12,119,537	43,673,635
45 2051			6,621,773	(413,794)	1,654,114	4,224,523	235,863	249,472	3,152,235	5.59%	56,390,604	11,549,565	44,841,039
46 2052			6,754,208	(422,897)	1,703,738	4,351,258	241,051	256,957	3,185,782	5.59%	56,990,737	10,960,370	46,030,367
47 2053			6,889,293	(432,207)	1,754,850	4,481,796	246,358	264,665	3,219,116	5.59%	57,587,042	10,345,337	47,241,704
48 2054			7,027,078	(441,729)	1,807,495	4,616,250	251,785	272,605	3,252,204	5.59%	58,178,967	9,703,850	48,475,117
49 2055			7,167,620	(451,467)	1,861,720	4,754,737	257,336	280,783	3,285,016	5.59%	58,765,937	9,035,282	49,730,654
50 2056			7,310,972	(461,427)	1,917,572	4,897,360	263,014	289,207	3,317,517	5.59%	59,347,347	8,339,006	51,006,341
51 2057			7,457,192	(471,615)	1,975,099	5,044,301	268,820	297,883	3,349,672	5.59%	59,922,569	7,614,386	52,300,183
52 2058			7,606,336	(482,034)	2,034,352	5,195,630	274,760	306,820	3,381,444	5.59%	60,499,943	6,860,784	53,630,160
53 2059			7,758,462	(492,692)	2,095,382	5,351,459	280,835	315,024	3,412,795	5.59%	61,051,783	6,077,565	54,974,228
54 2060			7,913,632	(503,594)	2,156,244	5,512,044	287,048	325,505	3,443,684	5.59%	61,604,370	5,264,055	56,340,315
55 2061			8,071,904	(514,745)	2,222,991	5,677,405	293,405	335,270	3,474,071	5.59%	62,147,965	4,419,632	57,728,323
56 2062			8,233,342	(526,151)	2,289,681	5,847,727	298,906	345,328	3,503,910	5.59%	62,681,767	3,543,636	59,138,120

Exhibit 3

The Rosslyn Lofts Housing Partners, L.P.

Project Summary

Project Name: The Rosslyn Lofts ("Project")

Owner: The Rosslyn Lofts Housing Partners, L.P. ("Operating Company")

Co-General Partner: Amerland/Rosslyn Partners, LLC

Managing General Partner: Pacific Housing Inc.

Developer: Islas Development, LLC

Guarantors: The Amerland Group, LLC, Ruben Islas, and Jules Arthur, and Paul Buxbaum

Contractor: Icon Builders, Inc.

Property Manager: Logan Property Management, LLC (an affiliate of The Amerland Group)

Investor Limited Partner: Provident Tax Credit Fund IX, LLC

Special Limited Partner: SCDC, LLC – controlled by Red Capital Markets, Inc.

Location: Los Angeles, CA

Project Description:

The acquisition and adaptive reuse of "The Rosslyn Lofts", a twelve-story structure built in 1913 and later converted into a residential hotel. The current owner has completely renovated the top two floors creating 25 market rate units, and has gutted floors three through ten in anticipation of extensive renovation. Upon completion of the rehab, the Project will have 8,070 square feet of ground floor retail space, restored community space on the second floor including a ball room which will be rented for special events and for use in film and television shoots, 259 affordable studio units on floors three through nine, and 38 luxury loft-style market rate units on floors 10 through 12.

The Project will be split into 3 separate condominiums, all owned by the Project owner, with each condominium owning the retail space, the tax credit units, and the market rate units, respectively.

The Project will be comprised of the following unit types and rent restrictions:

No. of <u>Bedrooms</u>	No. of <u>Baths</u>	Avg. Size (Sq. Ft.)	Unit Count	LIHTC AMI Restriction
Studio	0	305	173	60%
Studio	0	305	86	35%
1	1	1,012	38	Market

Unit amenities will include the following:

**Affordable Units**

- Range
- Refrigerator
- Window coverings

**Market Rate Units**

- Microwave
- Refrigerator
- Disposal
- Dishwasher
- Washer/Dryer in unit
- Air-conditioning

**Common Area**

- On-site management
- Laundry room
- Computer room/business center
- Fitness room
- Community room
- Educational classes
- Security patrol
- Elevators (3) with key card security to market rate floors 10-12
- 38 parking spaces for market rate units for additional \$100/month

**Rehabilitation Scope:**

The scope of work is more extensive than would be associated with a typical acquisition/rehabilitation project and includes:

- New plumbing system
- A new heating system to serve each unit and a separate system to serve common areas
- Upgrades and rewiring of electrical systems serving residential areas
- Repair of all windows
- Sidewalk repairs
- New flooring in all interior corridors
- New fire sprinkler and fire alarm system
- Installation of new kitchenette units in all affordable units
- Energy star appliances in all market rate units and in kitchenette units
- New electrical system for kitchenettes and bathrooms
- New corridor lighting
- Exterior cleaning
- New bathrooms with vanity sink, mirror, toilet, and shower
- Asbestos and lead abatement
- Ground floor restoration including:
  - Restoration of lobby to historic conditions
  - Creation of community space including computer lounge

- New storefront glass in retail space and as needed repairs to retail space
- Creation of approximately 1,123 square feet of additional retail space

**Financing Summary:**

Red Capital Markets, Inc. ("RCM") will provide net LIHTC equity of approximately \$16.33 million. In addition to tax-credit equity, the Project's financing consists of the following components:

- Tax-exempt bonds totaling \$28.5 million will be purchased by Citigroup to fund a construction loan. The loan will be resized at conversion and commencement of amortization to a projected amount of \$24.65 million
- The City of Los Angeles will fund an \$8,000,000 loan bearing 3% simple interest with repayment made from residual receipts.

The Rosslyn Lofts Housing Partners, LP

Schedule A -- Schedule of Partners

<u>GENERAL PARTNERS</u>	<u>Total Agreed-to Capital Contribution</u>	<u>Paid-in Capital Contribution</u>	<u>Share of Total Partner Class Interest</u>
Amerland/Rosslyn Partners, LLC 2878 Camino Del Rio South, Suite 240 San Diego, California 92108	\$100.00	\$100.00	55%
Pacific Housing, Inc. 730 Alhambra Blvd., Suite 210 Sacramento, CA 95816	\$100.00	\$100.00	45%
<u>LIMITED PARTNERS</u>			
<u>Special Limited Partner</u>			
SCDC, LLC c/o Red Capital Markets, Inc. Two Miranova Place, 12th Floor Columbus, OH 43215	\$100.00	\$100.00	0.001%
<u>Investor Limited Partner</u>			
Provident Tax Credit Fund IX, LLC c/o Red Capital Markets, Inc. Two Miranova Place, 12 <sup>th</sup> Floor Columbus, OH 43215	\$16,325,169*	\$4,897,481**	99.999%

\*\* Paid-in Capital Contribution as of the date of this Schedule A. Future Installments of Capital Contribution are subject from the Investor Limited Partner at the times and subject to the conditions set forth in this Agreement to which this Schedule A is attached.

**AUTHORIZING RESOLUTIONS  
OF  
THE GENERAL PARTNERS  
OF  
THE ROSSLYN LOFTS HOUSING PARTNERS, LP  
(The Rosslyn Lofts)**

The undersigned, Pacific Housing Inc., a California nonprofit public benefit corporation, the managing general partner (the "**Managing General Partner**"), and Amerland/Rosslyn Partners, LLC, a California limited liability company, the co-general partner ("**Co-General Partner**" together with the Managing General Partner, the "**General Partners**"), being the general partners of The Rosslyn Lofts Housing Partners, LP, a California limited partnership (the "**Partnership**"), do hereby consent to and adopt the following resolutions by written consent as of December 1, 2008:

WHEREAS, the Partnership is engaged in the development of a multifamily residential project located at 101 W. 5<sup>th</sup> Street, Los Angeles, California, intended for rental to low-income households, known as The Rosslyn Lofts (the "**Property**"); and

WHEREAS, Partnership financed the acquisition and development of the Property with proceeds from those certain \$28,500,000 California Statewide Communities Development Authority Multifamily Housing Revenue Bonds (The Rosslyn Lofts) 2007 Series X ("**Bonds**") tax-exempt bonds issued by the California Statewide Communities Development Authority, and certain other sources of financing, including but not limited to grants, financial and tax credit institutional loans; and

WHEREAS, in connection with development of the Property, the Partnership desires to subdivide the Property into vertical lots ("**Subdivision**"). As part of the Subdivision, the Partnership is required to satisfy certain conditions of approval which were included as conditions to the approved tentative map (the "**Conditions**"); and

WHEREAS, in connection with the Subdivision, the Partnership will be required to execute various agreements, instruments and documents relating to removal of those certain Conditions on the Property (collectively, the "**Condition Documents**").

WHEREAS, the General Partners of the Partnership have agreed that the Partnership will obtain a substantial benefit from the transaction described herein, and deem it to be in the best interest of the Partnership to enter into and execute the Condition Documents and satisfy all other requirements necessary or desirable to consummate the Subdivision: it is hereby

**AUTHORIZATION**

RESOLVED, that the Partnership is hereby authorized, directed and empowered to (i) enter into, execute, acknowledge and deliver the Condition Documents, (ii) take such actions as shall be necessary, convenient, desirable or appropriate to perform the Partnership's obligations under the Condition Documents and the Subdivision, if any, (iii) take such further

actions as shall be necessary, proper or advisable in order to fully carry out the intent and accomplish the purposes of the resolutions adopted hereby and each of them.

RESOLVED, FURTHER, that the Co-General Partner of the Partnership, acting alone is hereby authorized, directed and empowered to (i) negotiate, amend, supplement, modify, execute, acknowledge and deliver the Condition Documents in the name and on behalf of the Partnership, (ii) take such actions as shall be necessary, convenient, desirable or appropriate to perform the Partnership's obligations under the Condition Documents and the Subdivision, if any, (iii) perform all acts, and execute and deliver all documents, required from time to time to carry out the purposes of this authorization or to perfect or continue the rights and interests to be granted in connection with the transactions described herein, and (iv) take such further actions as in such Co-General Partner's judgment shall be necessary, proper or advisable in order to fully carry out the intent and accomplish the purposes of the resolutions adopted hereby and each of them.

RESOLVED FURTHER, that the Co-General Partner shall take such further action as may be necessary or appropriate to carry out the above resolutions.

RESOLVED, FURTHER, that the authority given hereunder shall be deemed retroactive and any actions authorized herein and performed prior to the passage of these resolutions is hereby ratified, confirmed and approved in all respects.

RESOLVED, FURTHER, that this Authorizing Resolutions may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF the undersigned have executed and delivered these  
Authorizing Resolutions effective as of December 1, 2008.

**General Partners:**

Pacific Housing, Inc.,  
a California nonprofit public benefit corporation,  
as Managing General Partner

By: 

Mark A. Wiese,  
President

Amerland/Rosslyn Partners, LLC,  
a California limited liability company,  
as Co-General Partner

By: Rosslyn Partners, LLC,  
a California limited liability company,  
its Managing Member

By: The Amerland Group, LLC,  
a California limited liability  
company,  
its Managing Member

By: Islas Development, LLC,  
a California limited liability  
company, its Manager

By: 

Ruben Islas,  
Sole Member

**Partnership:**

The Rosslyn Lofts Housing Partners, LP,  
a California limited partnership

By: **Pacific Housing, Inc.,**  
a California nonprofit public benefit corporation,  
as Managing General Partner

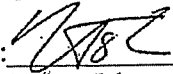
By:   
Mark A. Wiese,  
President

By: Amerland/Rosslyn Partners, LLC,  
a California limited liability company,  
as Co-General Partner

By: Rosslyn Partners, LLC,  
a California limited liability company,  
its Managing Member

By: The Amerland Group, LLC,  
a California limited liability  
company,  
its Managing Member

By: Islas Development, LLC,  
a California limited liability  
company, its Manager

By:   
Ruben Islas,  
Sole Member

1600

5

DEPARTMENT OF  
CITY PLANNING  
200 N. SPRING STREET, ROOM 525  
LOS ANGELES, CA 90012-4801  
AND  
6262 VAN NUYS BLVD., SUITE 351  
VAN NUYS, CA 91401

CITY PLANNING COMMISSION

JANE ELLISON USHER  
PRESIDENT

WILLIAM ROSCHEN  
VICE-PRESIDENT

DIEGO CARDOSO  
REGINA M. FREER  
ROBIN R. HUGHES  
FR. SPENCER T. KEZIOS  
RICARDO LARA  
CINDY MONTAÑEZ  
MICHAEL K. WOO

GABRIELE WILLIAMS  
COMMISSION EXECUTIVE ASSISTANT  
(213) 978-1300

CITY OF LOS ANGELES  
CALIFORNIA



ANTONIO R. VILLARAIGOSA  
MAYOR

EXECUTIVE OFFICES

S. GAIL GOLDBERG, AICP  
DIRECTOR  
(213) 978-1271

JOHN M. DUGAN, AICP  
DEPUTY DIRECTOR  
(213) 978-1274

EVA YUAN-MCDANIEL  
DEPUTY DIRECTOR  
(213) 978-1273

FAX: (213) 978-1275

INFORMATION  
(213) 978-1270

[www.planning.lacity.org](http://www.planning.lacity.org)

Decision Date: May 15, 2008

Appeal Period Ends: May 27, 2008

Amerland Group (O)(A)  
Rosslyn Lofts Housing Partners, L.P.  
Attention: Jules Arthur  
2878 Camino Del Rio South, Suite 240  
San Diego, CA 92108

RE: Tentative Tract Map No.: 70091  
Address: 101 West 5<sup>th</sup> Street  
Council District: 9  
Existing Zone: [Q]C4-4D  
Community Plan: Central City  
CEQA No.: ENV-2008-100-CE

So. Cal. Land Surveyors (PLS)  
Attention: Misha Georgevitch  
P.O. Box 1616  
Simi Valley, CA 93062

In accordance with provisions of Section 17.03 of the Los Angeles Municipal Code (LAMC) the Advisory Agency approved Tentative Tract Map No. 70091 composed of 5 lots, located at 101 West 5<sup>th</sup> Street for **259 affordable apartments (Airspace Lot 4)**, **38 market rate apartments (Airspace Lot 5)** and **8 commercial condominium units with a maximum of 25,820 square feet of commercial/retail floor area (Airspace Lot 3)** and **38 parking spaces (Airspace Lot 2)**, on an approximately 18,197 net square foot site in the [Q]C4-4D zone, as shown on map stamp-dated January 10, 2008 in the Central City Community Plan. (Verification should be obtained from the Department of Building and Safety, which will legally interpret the Zoning code as it applies to this particular property.) For an appointment with the Subdivision Counter call (213) 978-1362. The Advisory Agency's approval is subject to the following conditions:

**NOTE on clearing conditions:** When two or more agencies must clear a condition, subdivider should follow the sequence indicated in the condition. For the benefit of the applicant, subdivider shall maintain record of all conditions cleared, including all material supporting clearances and be prepared to present copies of the clearances to each reviewing agency as may be required by its staff at the time of its review.

**BUREAU OF ENGINEERING - SPECIFIC CONDITIONS**

1. That a set of drawings be submitted to the City Engineer showing the followings (for airspace subdivision only):
  - Plan view at different elevations.
  - Isometric views.
  - Elevation views.
  - Section cuts at all locations where air space lot boundaries change.
2. That the owners of the property record an agreement satisfactory to the City Engineer stating that they will grant the necessary private easements for ingress, egress purposes to serve proposed airspace lots to use upon the sale of the respective lots and they will maintain the private easements free and clear of obstructions and in safe conditions for use at all times.
3. That a Covenant and Agreement be recorded advising all future owners and builders that prior to issuance of a building permit, a Waiver of Damages, Indemnification Agreement and Right of Ingress and Egress Covenant to run with the land must be recorded and Revocable permit must be obtained for the existing basement encroachment into the public right-of-way.

**DEPARTMENT OF BUILDING AND SAFETY, ZONING DIVISION**

4. Prior to recordation of the final map, the Department of Building and Safety, Zoning Division shall certify no Building or zoning Code violations exist on the subject site.
  - a. Provide a copy of all building permits, plot plan attachments and Certificate of Occupancy for the subject site to verify the last permitted uses, number of guest rooms or dwelling units, and parking spaces for the building as indicated on the submitted Map. A building permit is required for a change of use or increase of number of guest rooms, dwelling units, or parking spaces. All non-compliance issues shall be corrected, permits obtained and "finalized" prior to obtaining a clearance from the Zoning Section.
  - b. The submitted map dimensions 120.05 ft. and 120.00 ft. do not agree with ZIMAS. Revise the Map to address the discrepancy or obtain written approval from Department of City Planning GIS.
  - c. Provide a copy of [Q] conditions. Show compliance with the [Q] conditions as applicable or Department of City Planning approval is required.

- d. Provide a copy of affidavit AFF 6768 and AFF-49310. Show compliance with all the conditions/requirements of the above affidavit(s) as applicable. Termination of above affidavit(s) may be required after map has been recorded. Obtain approval from the Department, on the termination form, prior to recording.
- e. Provide a copy of DIR case DIR-2006-10429-BSA. Show compliance with all the conditions/requirements of the DIR case as applicable.
- f. Show all street dedication(s) as required by Bureau of Engineering and provide net lot area after all dedication. "Area" requirements shall be re-checked as per net lot area after street dedication.
- g. The submitted map does not comply with the change of use (to apartments) requirement of ZI-2353, minimum side yard (five ft. plus one ft. for each story over two, need not exceed sixteen ft.), rear yard (fifteen ft. plus one ft. for each story over three, need not exceed twenty ft.), and maximum density (400 sq .ft. of lot area/dwelling unit) requirement of the C4 Zone. Revise the map to show compliance with the above requirements or obtain written approval from the Housing Department for the change of use and Department of City Planning for the "area" requirements.
- h. Record a Covenant and Agreement to treat the buildings and structures located in an air space subdivision as if they were within a single lot.

Notes:

Each air space lot shall have access to a street by one or more easements or other entitlements to use in a form satisfactory to the Advisory Agency and the City Engineer.

Note that Tract Map conditions relating to the building encroaching into or projecting above or below the public right-of-way shall be as required by Department of Public Works.

Any proposed structures or uses on the site have not been checked for and shall comply with Building and Zoning Code requirements. Plan check will be required before any construction, occupancy or change of use.

---

An appointment is required for the issuance of a clearance from the Department of Building and Safety Zoning Section. The applicant is asked to contact John Pourhassan at 213 482-6880 to schedule an appointment.

**FIRE DEPARTMENT**

5. Prior to the recordation of the final map, a suitable arrangement shall be made satisfactory to the Fire Department, binding the subdivider and all successors to submit plot plans for Fire Department review and approval.

The applicant is further advised that all subsequent contact regarding these conditions must be with the Hydrant and Access Unit. This would include clarification, verification of condition compliance and plans or building permit applications, etc., and shall be accomplished **BY APPOINTMENT ONLY**, in order to assure that you receive service with a minimum amount of waiting please call 213 482-6509. You should advise any consultant representing you of this requirement as well.

**DEPARTMENT OF WATER AND POWER**

6. Satisfactory arrangements shall be made with the Los Angeles Department of Water and Power (LADWP) for compliance with LADWP's Water System Rules and requirements. Upon compliance with these conditions and requirements, LADWP's Water Services Organization will forward the necessary clearances to the Bureau of Engineering. (This condition shall be deemed cleared at the time the City Engineer clears Condition No. S-1.(c).)

**BUREAU OF STREET LIGHTING**

7. Prior to the recordation of the final map or issuance of the Certificate of Occupancy (C of O), street lighting improvement plans shall be submitted for review and the owner shall provide a good faith effort via a ballot process for the formation or annexation of the property within the boundary of the development into a Street Lighting Maintenance Assessment District.

**BUREAU OF SANITATION**

8. Satisfactory arrangements shall be made with the Bureau of Sanitation, Wastewater Collection Systems Division for compliance with its sewer system review and requirements. Upon compliance with its conditions and requirements, the Bureau of Sanitation, Wastewater Collection Systems Division will forward the necessary clearances to the Bureau of Engineering. (This condition shall be deemed cleared at the time the City Engineer clears Condition No. S-1. (d).)

**INFORMATION TECHNOLOGY AGENCY**

9. That satisfactory arrangements be made in accordance with the requirements of the Information Technology Agency to assure that cable television facilities will

be installed in the same manner as other required improvements. Refer to LAMC Section 17.05-N. Written evidence of such arrangements must be submitted to the Information Technology Agency, 200 North Main Street, 12<sup>th</sup> Floor, Los Angeles, CA 90012, 213 922-8379.

#### URBAN FORESTRY DIVISION AND THE DEPARTMENT OF CITY PLANNING

10. All trees in the public right-of-way shall be provided per the current Urban Forestry Division standards.

**Note:** Removal of all trees in the public right-of-way shall require approval of the Board of Public Works. Contact: Urban Forestry Division at: 213 485-5675. Failure to comply with this condition as written shall require the filing of a modification to this tract map in order to clear the condition.

#### DEPARTMENT OF CITY PLANNING-SITE SPECIFIC CONDITIONS

11. Prior to the recordation of the final map, the subdivider shall prepare and execute a Covenant and Agreement (Planning Department General Form CP-6770) in a manner satisfactory to the Planning Department, binding the subdivider and all successors to the following:
- a. Limit the proposed development to a maximum of 38 market rate apartment units, 259 affordable apartment units, and 25,820 square feet of commercial/retail space including 38 parking spaces.
  - b. That the subdivider considers the use of natural gas and/or solar energy and consults with the Department of Water and Power and Southern California Gas Company regarding feasible energy conservation measures.
  - c. Recycling bins shall be provided at appropriate locations to promote recycling of paper, metal, glass, and other recyclable material.
12. Prior to the clearance of any tract map conditions, the applicant shall show proof that all fees have been paid to the Department of City Planning, Expedited Processing Section.
13. Prior to the clearance of any tract map conditions, the subdivider shall make suitable arrangements for clearance with the Community Redevelopment Agency for the Central Business District Redevelopment Project area and the City Center Redevelopment Project area.

**BUREAU OF ENGINEERING - STANDARD CONDITIONS**

- S-1. (a) That the sewerage facilities charge be deposited prior to recordation of the final map over all of the tract in conformance with LAMC Section 64.11.2.
- (b) That survey boundary monuments be established in the field in a manner satisfactory to the City Engineer and located within the California Coordinate System prior to recordation of the final map. Any alternative measure approved by the City Engineer would require prior submission of complete field notes in support of the boundary survey.
- (c) That satisfactory arrangements be made with both the Water System and the Power System of the Department of Water and Power with respect to water mains, fire hydrants, service connections and public utility easements.
- (d) That any necessary sewer, street, drainage and street lighting easements be dedicated. In the event it is necessary to obtain off-site easements by separate instruments, records of the Bureau of Right-of-Way and Land shall verify that such easements have been obtained. The above requirements do not apply to easements of off-site sewers to be provided by the City.
- (e) That drainage matters be taken care of satisfactory to the City Engineer.
- (f) That satisfactory street, sewer and drainage plans and profiles as required, together with a lot grading plan of the tract and any necessary topography of adjoining areas be submitted to the City Engineer.
- (g) That any required slope easements be dedicated by the final map.
- (h) That each lot in the tract complies with the width and area requirements of the Zoning Ordinance.
- (i) That 1-foot future streets and/or alleys be shown along the outside of incomplete public dedications and across the termini of all dedications abutting unsubdivided property. The 1-foot dedications on the map shall include a restriction against their use of access purposes until such time as they are accepted for public use.
- 
- (j) That any 1-foot future street and/or alley adjoining the tract be dedicated for public use by the tract, or that a suitable resolution of acceptance be transmitted to the City Council with the final map.

- (k) That no public street grade exceeds 15%.
- (l) That any necessary additional street dedications be provided to comply with the Americans with Disabilities Act (ADA) of 1990.

S-2. That the following provisions be accomplished in conformity with the improvements constructed herein:

- (a) Survey monuments shall be placed and permanently referenced to the satisfaction of the City Engineer. A set of approved field notes shall be furnished, or such work shall be suitably guaranteed, except where the setting of boundary monuments requires that other procedures be followed.
- (b) Make satisfactory arrangements with the Department of Transportation with respect to street name, warning, regulatory and guide signs.
- (c) All grading done on private property outside the tract boundaries in connection with public improvements shall be performed within dedicated slope easements or by grants of satisfactory rights of entry by the affected property owners.
- (d) All improvements within public streets, private street, alleys and easements shall be constructed under permit in conformity with plans and specifications approved by the Bureau of Engineering.
- (e) Any required bonded sewer fees shall be paid prior to recordation of the final map.

S-3. That the following improvements be either constructed prior to recordation of the final map or that the construction be suitably guaranteed:

- (a) Construct on-site sewers to serve the tract as determined by the City Engineer.
- (b) Construct any necessary drainage facilities.
- (c) Install street lighting facilities to serve the tract as follows:

Construct new pedestrian lighting system: two (2) on Main Street, and two (2) on 5th Street. If street widening per BOE improvement condition, relocate and upgrade street lights; two (2) on 5th Street and one (1) on Main Street.

- (d) Plant street trees and remove any existing trees within dedicated streets or proposed dedicated streets as required by the Street Tree Division of the Bureau of Street Maintenance. All street tree planting's shall be brought up to current standards. When the City has previously been paid for tree planting, the subdivider or contractor shall notify the Street Tree Division 213 485-5675 upon completion of construction to expedite tree planting.
- (e) Repair or replace any off-grade or broken curb, gutter and sidewalk satisfactory to the City Engineer.
- (f) Construct access ramps for the handicapped as required by the City Engineer.
- (g) Close any unused driveways satisfactory to the City Engineer.
- (h) Construct any necessary additional street improvements to comply with the Americans with Disabilities Act (ADA) of 1990.

**NOTES:**

The Advisory Agency approval is the maximum number of units permitted under the tract action. However the existing or proposed zoning may not permit this number of units.

Approval from Board of Public Works may be necessary before removal of any street trees in conjunction with the improvements in this tract map through Bureau of Street Services Urban Forestry Division.

Satisfactory arrangements shall be made with the Los Angeles Department of Water and Power, Power System, to pay for removal, relocation, replacement or adjustment of power facilities due to this development. The subdivider must make arrangements for the underground installation of all new utility lines in conformance with LAMC Section 17.05-N.

The final map must record within 36 months of this approval, unless a time extension is granted before the end of such period.

The Advisory Agency hereby finds that this tract conforms to the California Water Code, as required by the Subdivision Map Act.

The subdivider should consult the Department of Water and Power to obtain energy saving design features, which can be incorporated into the final building plans for the

subject development. As part of the Total Energy Management Program of the Department of Water and Power, this no-cost consultation service will be provided to the subdivider upon his request.

**Indemnification.** The applicant shall defend, indemnify and hold harmless the City, its agents, officers, or employees from any claim, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void or annul this approval which action is brought within the applicable limitation period. The City shall promptly notify the applicant of any claim, action, or proceeding and the City shall cooperate fully in the defense. If the City fails to promptly notify the applicant of any claim action or proceeding, or if the City fails to cooperate fully in the defense, the applicant shall not thereafter be responsible to defend, indemnify, or hold harmless the City.

#### **FINDINGS OF FACT (CEQA)**

The Department of City Planning, on February 7, 2008, determined that the City of Los Angeles Guidelines for the Implementation of the California Environmental Quality Act designates the subject project as categorically exempt under Article III, Section 1, Class 1 Category 1, and issued ENV-2008-100-CE.

#### **FINDINGS OF FACT (SUBDIVISION MAP ACT)**

In connection with the approval of Tentative Tract Map No. 70091 the Advisory Agency of the City of Los Angeles, pursuant to Sections 66473.1, 66474.60, .61 and .63 of the State of California Government Code (the Subdivision Map Act), makes the prescribed findings as follows:

- (a) THE PROPOSED MAP IS CONSISTENT WITH APPLICABLE GENERAL AND SPECIFIC PLANS.

The adopted Central City Community Plan designates the subject property for Regional Center Commercial land use with the corresponding zones of CR, C1.5, C2, C4, C5, R3, R4, R5, RAS3 and RAS4. The property contains approximately .42 net acres (18,197 net square feet after required dedication) and is presently zoned [Q]C4-4D. The property is developed with an existing 12-story brick and concrete structure built in 1912. The proposed 5-lot subdivision of the existing building with 25,820 square feet of commercial space, 259 affordable apartments, and 38 market rate apartments with 38 parking spaces is allowable under the current adopted zone and the land use designation. Further, the proposed conversion of the existing building was determined to be exempt from an Interim Control Ordinance by City Council on May 6, 2008. That ordinance (Ordinance No. 177,557) prohibited the conversion or demolition of Residential Hotels.

The site is not subject to the Specific Plan for the Management of Flood Hazards floodways, floodplains, mud prone areas, coastal high-hazard and flood-related erosion hazard areas.

Therefore, as conditioned, the proposed tract map is consistent with the intent and purpose of the applicable General and Specific Plans.

- (b) THE DESIGN AND IMPROVEMENT OF THE PROPOSED SUBDIVISION ARE CONSISTENT WITH APPLICABLE GENERAL AND SPECIFIC PLANS.

5<sup>th</sup> Street and Main Street are Secondary Highways dedicated to a 60-foot and 80-foot width respectively at the project's street frontage. The Bureau of Engineering is not requiring any street dedications. This project is not subject to any Specific Plan requirements. The proposed project will maintain the existing 38 parking spaces currently on site. As conditioned the design and improvements of the proposed project are consistent with the applicable General and Specific Plans.

- (c) THE SITE IS PHYSICALLY SUITABLE FOR THE PROPOSED TYPE OF DEVELOPMENT.

The property is developed with an existing 12-story brick and concrete structure built in 1912. The current uses are commercial and market rate rental housing.

The site is level and is not located in a slope stability study area, high erosion hazard area, or a fault-rupture study zone.

- (d) THE SITE IS PHYSICALLY SUITABLE FOR THE PROPOSED DENSITY OF DEVELOPMENT.

Adjoining land uses are a construction site to the north in the [Q]C4-4D zone; a parking lot to the east and across Main Street is a theater in the [Q]C4-4D zone; office, retail and to the south across Main Street in the C2-2D zone; and lofts, a post office, and retail to the west across 5<sup>th</sup> Street in the C2-4D zone. The proposed project would provide a mixed use commercial and residential uses like many others nearby. The property is developed with an existing 12-story brick and concrete structure built in 1912. The site currently contains residential market rate apartment units and ground floor commercial space. The subdivision request is to create air space lots for each use (for financing purposes) and the type and intensity of these current uses will not change. The proposed project will comply with all LAMC requirements for parking, yards, and open space, as they relate to adaptive reuse provisions of the LAMC. As conditioned the proposed tract map is physically suitable for the proposed density of the development.

- (e) THE DESIGN OF THE SUBDIVISION AND THE PROPOSED IMPROVEMENTS ARE NOT LIKELY TO CAUSE SUBSTANTIAL ENVIRONMENTAL DAMAGE OR SUBSTANTIALLY AND AVOIDABLY INJURE FISH OR WILDLIFE OR THEIR HABITAT.

This subdivision is part of a class of projects that the City Council has determined will not have a significant effect upon the environment.

- (f) THE DESIGN OF THE SUBDIVISION AND THE PROPOSED IMPROVEMENTS ARE NOT LIKELY TO CAUSE SERIOUS PUBLIC HEALTH PROBLEMS.

There appear to be no potential public health problems caused by the design or improvement of the proposed subdivision.

The development is required to be connected to the City's sanitary sewer system, where the sewage will be directed to the LA Hyperion Treatment Plant, which has been upgraded to meet Statewide ocean discharge standards. The Bureau of Engineering has reported that the proposed subdivision does not violate the existing California Water Code because the subdivision will be connected to the public sewer system and will have only a minor incremental impact on the quality of the effluent from the Hyperion Treatment Plant.

- (g) THE DESIGN OF THE SUBDIVISION AND THE PROPOSED IMPROVEMENTS WILL NOT CONFLICT WITH EASEMENTS ACQUIRED BY THE PUBLIC AT LARGE FOR ACCESS THROUGH OR USE OF PROPERTY WITHIN THE PROPOSED SUBDIVISION.

No such easements are known to exist. Needed public access for roads and utilities will be acquired by the City prior to recordation of the proposed tract.

- (h) THE DESIGN OF THE PROPOSED SUBDIVISION WILL PROVIDE, TO THE EXTENT FEASIBLE, FOR FUTURE PASSIVE OR NATURAL HEATING OR COOLING OPPORTUNITIES IN THE SUBDIVISION. (REF. SECTION 66473.1)

In assessing the feasibility of passive or natural heating or cooling opportunities in the proposed subdivision design, the applicant has prepared and submitted materials which consider the local climate, contours, configuration of the parcel(s) to be subdivided and other design and improvement requirements.

~~Providing for passive or natural heating or cooling opportunities will not result in reducing allowable densities or the percentage of a lot which may be occupied by a building or structure under applicable planning and zoning in effect at the time the tentative map was filed.~~

These findings shall apply to both the tentative and final maps for Tentative Tract Map No. 70091.

S. Gail Goldberg, AICP  
Advisory Agency



MAYA ZAITZEVSKY  
Deputy Advisory Agency  
RG:MS:jq

Note: If you wish to file an appeal, it must be filed within 10 calendar days from the decision date as noted in this letter. For an appeal to be valid to the City Planning Commission, it must be accepted as complete by the City Planning Department and appeal fees paid, prior to expiration of the above 10-day time limit. Such appeal must be submitted on Master Appeal Form No. CP-7769 at the Department's Public Offices, located at:

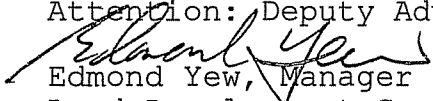
Figueroa Plaza  
201 N. Figueroa Street, 4<sup>th</sup> Floor  
Los Angeles, CA 90012  
213 482-7077

Marvin Braude San Fernando Valley  
Constituent Service Center  
26262 Van Nuys Boulevard, Room 251  
Van Nuys, CA 91401  
818 374-5050

Forms are also available on-line at [www.lacity.org/pln](http://www.lacity.org/pln).

If you seek judicial review of any decision of the City pursuant to California Code of Civil Procedure Section 1094.5, the petition for writ of mandate pursuant to that section must be filed no later than the 90th day following the date on which the City's decision became final pursuant to California Code of Civil Procedure Section 1094.6. There may be other time limits which also affect your ability to seek judicial review.

If you have any questions, please call Subdivision staff at (213) 978-1362.

CITY OF LOS ANGELES  
INTER-DEPARTMENTAL CORRESPONDENCEDate: **FEB 29 2008**To: Ms. S. Gail Goldberg, Director  
Department of City Planning  
Attention: Deputy Advisory AgencyFrom:   
Edmond Yew, Manager  
Land Development Group  
Bureau of EngineeringSubject: Tentative Tract Map No. 70091 - Transmittal of Map.

Transmitted is a print of tentative map of Tract Map No. 70091 lying northerly of 5<sup>th</sup> Street and westerly of Main Street in Council District No. 9.

This map has been filed for a 5-lot commercial and residential air space subdivision purposes. The subdivision layout is generally satisfactory as submitted, except for the additional public right-of-way dedication along 5<sup>th</sup> Street and Main Street, however, the existing structure on site precludes additional required street dedications.

The tract is connected to an existing sewer in 5<sup>th</sup> Street and Main Street adjoining the subdivision. The tract will connect to the public sewer system and will not result in violation of the California Water Code. I therefore recommend that you make the necessary determination.

I recommend that the tentative map of Tract No. 70091 be approved, subject to the standard conditions issued by your department and the following special conditions:

1. That a set of drawings be submitted to the City Engineer showing the followings (for airspace subdivision only):
  - a. Plan view at different elevations.
  - b. Isometric views.
  - c. Elevations views.
  - d. Section cuts at all locations where air space lot boundaries change.

Ms. Goldberg

-2-

2. That the owners of the property record an agreement satisfactory to the City Engineer stating that they will grant the necessary private easements for ingress, egress purposes to serve proposed airspace lots to use upon the sale of the respective lots and they will maintain the private easements free and clear of obstructions and in safe conditions for use at all times.
3. That a Covenant and Agreement be recorded advising all future owners and builders that prior to issuance of a building permit, a Waiver of Damages, Indemnification Agreement and Right of Ingress and Egress Covenant to run with the land must be recorded and Revocable permit must be obtained for the existing basement encroachment into the public right-of-way.

Any questions regarding this report should be directed to Mr. Danny Ho of the Land Development Section, located at 201 North Figueroa Street, Suite 200, or by calling (213) 977-6983.

EY/DH/gt

H:\ldg4\gtWP TM70091

Enc.

cc: Central Engineering District Office