TRANSMITTAL

To: **THE COUNCIL**

Date: 1/16/2019

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

(Ana Guerrero) for

ERIC GARCETTI
Mayor

Los Angeles
HOUSING+COMMUNITY
Investment Department

Housing Development Bureau
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Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

January 14, 2019

Council File: 12-0049-S5
12-0049-S10
12-0049-S14
16-0600-S145

Council Districts: 1, 8, 9, 10, 11, 14
Contact Persons: Eve Bachrach (213) 928-9055
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR APPROVAL TO EXECUTE DISPOSITION AND DEVELOPMENT AGREEMENTS AND AN OWNERS PARTICIPATION AGREEMENT FOR AFFORDABLE HOUSING PROJECTS AND FOR AUTHORITY TO TAKE VARIOUS ACTIONS RELATED TO THE DISPOSITION OF CITY-OWNED PROPERTIES

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve the recommendations contained in this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to take recommended actions related to the disposition and development of nine housing assets owned by the City of Los Angeles, with the purpose of maximizing the use of public land for the development of affordable housing. The housing assets identified in this report consist of five former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) properties transferred to HCIDLA, one City-owned property identified as an Affordable Housing Opportunity Site (AHOS), two City-owned properties under the management of the Los Angeles Department of Transportation (LADOT), and one site owned by HCIDLA. HCIDLA selected qualified developers for these City-owned properties through a competitive process and received approval from the City Council and the Mayor to negotiate and execute Exclusive Negotiation Agreements (ENAs) with the selected

developers to build affordable housing (C.F. No. 12-0049-S10, 12-0049-S14,16-0600-S145, 12-0049-S5). HCIDLA is requesting Council approval to negotiate and execute Disposition and Development Agreements (DDAs) and an Owners Participation Agreement (OPA), extend Exclusive Negotiation Agreements (ENAs), and to convey a City-owned property.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

I. Authorize the General Manager of HCIDLA, or designee, to negotiate and execute Disposition and Development Agreements (DDAs) with the selected developers for the below specified property addresses, and/or any entity they may subsequently form as a condition of financing, in substantial conformance with the Form of Agreement (Attachment D) and based on the Key Terms and Conditions negotiated with each developer (Attachments A, C):

A. 1035 S. Berendo St.;
C. 4600 & 4601 W. Washington Blvd.

II. Authorize the General Manager of HCIDLA, or designee, to negotiate and execute an Owners Participation Agreements (OPA) with the selected developer and/or any entity they may subsequently form as a condition of financing in substantial conformance with the Form of Agreement (Attachment E) and based on the Key Terms and Conditions negotiated with the developer (Attachment B) of 206 E. Washington Blvd.;

III. Request the City Attorney to prepare, and authorize the General Manager of HCIDLA, or designee, to negotiate and execute, all loan-related and other ancillary documents required for the sale of 557 S. Crocker St.;

IV. Request the City Attorney to prepare and present an Ordinance to effectuate the sale of 557 S. Crocker St.;

V. Authorize the General Manager of HCIDLA, or designee, to reinstate and extend the term of the negotiating period under the ENAs until March 31, 2020, and to prepare and execute, in consultation with the Office of the City Attorney, any documents necessary to facilitate or implement such extension, for the following sites:

A. 1035 S. Berendo St.
B. 1047 S. Mariposa St.
C. 1211 E. 43rd St.
D. 283 W. Imperial Hwy.
E. 3551 E. 4th St.; and

VI. Authorize the General Manager of HCIDLA, or designee, to reinstate and extend the term of the negotiating period under the ENA until March 31, 2021, and prepare, in consultation with the Office of the City Attorney, and execute any documents necessary to facilitate or implement such extension, for the Venice Dell Pacific site (200 E. North Venice Boulevard).

BACKGROUND

In February 2012, the CRA/LA was dissolved by the California Supreme Court, and in November 2012, HCIDLA was appointed as the Successor Housing Agency. Consequently, all housing assets and functions of the former CRA/LA were transferred to HCIDLA, consisting of approximately 30 CRA/LA housing projects (including vacant land). In response to the City's affordable housing crisis, and to meet the City and Mayor's objective of creating new affordable housing quickly, HCIDLA created a Public Land Development Program, with the goal of developing the former CRA/LA vacant land and leveraging other City-owned properties for the creation of citywide affordable housing.

In February 2016, a Comprehensive Homeless Strategy (CHS) was adopted by the City in response to the homelessness crisis in Los Angeles. The Affordable Housing Opportunity Site (AHOS) Initiative was subsequently launched as a pilot program in the office of the City Administrative Officer (CAO) as part of the CHS' Strategy 7D, "Using Public Land for Affordable and Homeless Housing." Using the Council-approved Asset Evaluation Framework (C.F. 12-1549-S3), the CAO conducted the preliminary assessment of the City-owned sites identified in the FY 2016-17 Adopted Budget.

Recognizing the need to minimize redundancy from preliminary analysis through the development and outreach process for the two programs, HCIDLA and the CAO collaborated by coordinating on the Land Development and AHOS Initiatives to develop common processes and regulations. The CAO assumed responsibility for identifying City-owned sites suitable for development, and HCIDLA assumed responsibility for selecting developers and negotiating and executing DDAs and OPAs. The combined AHOS - Land Development effort currently consists of 50 City-owned properties, including 31 former CRA/LA sites, 14 AHOS sites, two LADOT sites, two HCIDLA-owned sites, and one CRA/LA-Option property. The sites under discussion in this report include five former CRA/LA sites, two AHOS properties, one LADOT site, and one HCIDLA-owned site.

Request for Qualification/Proposal (RFQ/P) and Request for Proposal (RFP)

On April 18, 2016, HCIDLA released a RFQ/P for the disposition of City-owned properties for the development of supportive housing for homeless households, affordable multi-family rental, homeownership, and other types of housing on City-owned parcels. Among the City-owned parcels offered was 206 E. Washington Blvd. At the conclusion of the competitive RFQ/P selection process, the City Council and the Mayor approved HCIDLA's recommendations of qualified developers (C.F. No. 12-0049-S5).

On December 14, 2016, the City Council authorized HCIDLA to release an RFP to facilitate the transfer and rehabilitation of seven occupied residential properties acquired by HCIDLA through foreclosure, to qualified mission-driven affordable housing providers (C.F. 12-0049-S11). HCIDLA released the RFP on January 10, 2017, and invited Developers to submit proposals for the acquisition and rehabilitation of these properties. On August 9, 2017 the City Council approved HCIDLA's request to select Coalition for Responsible Community Development (CRCD) for the acquisition and rehabilitation of one of these properties, located at 1211 East 43rd St. (12-0049-S14.)

On March 20, 2017, HCIDLA released another RFQ/P for the disposition of City-owned properties for the development of supportive housing for the homeless, affordable multi-family rentals,

homeownership, and other types of housing on City-owned parcels. Among the City-owned parcels offered were 1035 S. Berendo St., 1047 S. Mariposa St., 283 W. Imperial Hwy., 3551 E. 4th St., and 4600/4601 W. Washington Blvd. At the conclusion of the competitive selection RFQ/P process, HCIDLA submitted its recommendations of qualified developers to the City Council and the Mayor, whereupon the selection was approved on October 25, 2017 (C.F. No. 12-0049-S10).

Additionally, the Venice Dell Pacific site was included in the first RFQ/P to develop affordable housing on City-owned AHOS parcels. This RFQ/P was released by the CAO on July 25, 2016, and on December 14, 2016 the City Council approved the selection of Hollywood Community Housing Corporation and Venice Community Housing Corporation to develop the site, instructing HCIDLA to enter into an ENA with the developers (C.F. 16-0600-S145).

Public Land Development Process

HCIDLA is requesting the authority to negotiate and execute two DDAs and one OPA, based on the key terms and conditions contained in the attached term sheets, for three of these projects by February 28, 2019. Each of the developers in Table 1, below, participated in a competitive selection process and was selected to develop an affordable housing project on one of the City-owned properties.

Table 1 – City Owned Land Development Recommendations

City Owned Property Address	Council District	Selected Lead Developer	Land Transfer Type	Disposition Type	Current Fair Market Value	Supportive Units	Affordable Units	Total Units
1035 S. Berendo St.	1	West Hollywood Community Housing Corporation	Ground Lease	DDA	$2,490,000	21	20	42
206 E. Washington Blvd.	9	AMCAL	Sale	OPA	$9,680,000	22	86	109
4600 & 4601W. Washington Blvd.	10	Western Community Housing	Ground Lease	DDA	$5,587,000	20	35	56
			Total		**$17,757,000**	**63**	**141**	**207**

At the conclusion of the developer selection process, each developer entered into an ENA with the City. During Fiscal Year 2017-2018 and into the current Fiscal Year, the selected developers have worked with HCIDLA's Public Land Development Program team to refine development plans, financing terms, and milestones required to complete the process of affordable and/or supportive housing development. From the inception of the development process with the City, each developer has consulted with the local Council Office, engaged in community outreach to stakeholders, started the process of securing entitlements for the proposed project, and worked with HCIDLA's underwriting team to develop a

financing plan, affordability matrix, and project milestones. At the completion of the underwriting process, the proposed terms of each project were then evaluated by HCIDLA's Loan Committee. Upon approval by the Loan Committee, a Term Sheet outlining the key business terms and conditions was agreed to and signed by the developers and HCIDLA. The approved Term Sheets are provided as Attachments A through C of this report. The DDA template approved by HCIDLA is provided as Attachment D of this report, and the OPA template approved by HCIDLA is provided as Attachment E.

Mayor and Council approval to negotiate and execute these DDAs and OPA will enable the developers to demonstrate the City's commitment of land to the projects, which will strengthen the competitiveness of their application for funding from a variety of sources, including the California Tax Credit Allocation Committee, HHH Supportive Housing Program, and LA County's No Place Like Home fund. These three DDAs will commit public land valued at over $17.7 million, and result in 207 affordable housing units.

CEQA Review

The City of Los Angeles Department of City Planning (DCP) is the lead agency for these projects for the purpose of the California Environmental Quality Act (CEQA) of 1970. The CEQA requires the DCP to identify significant environmental impacts a project may produce, and ways to mitigate such impacts. The projects recommended in this transmittal have, or are expected to have, cleared the CEQA process prior to February 13, 2019. As of the date of this transmittal, the two projects for which HCIDLA is seeking the authority to execute DDAs are under review by DCP. DCP plans to issue their letter of determination, which includes CEQA determination, for the projects at 1035 S. Berendo St., 206 E. Washington Blvd., and 4600 W. Washington Blvd, before the Housing Committee meeting on February 13, 2019. If any of these projects do not obtain CEQA clearance prior to the Council Committee hearing date, they will be withdrawn from consideration for City Council approval.

Land Disposition

After the DDAs are fully executed, the developers will proceed to apply for Low Income Housing Tax Credits and other financing sources for their projects. Once full funding is secured, and entitlements and environmental clearances have been completed, HCIDLA will make final arrangements for the disposition of each property, in accordance with the Housing Development Land Conveyance Policy approved by the City Council on November 8, 2017 (C.F. No. 17-0862). Where feasible, HCIDLA will execute long term ground leases for the development of affordable housing projects on publicly-owned land. However, exceptions to this general policy include projects that require the assembly of multiple contiguous parcels or where common ownership will benefit the long term management of the property. Once the conditions precedent to the sale of City-owned property have been met, the City Attorney will be instructed to prepare an ordinance for City Council and Mayoral approval setting forth the terms for the sale of the City-owned parcels.

Sales Ordinance

The property at 557 Crocker Ave. was transferred to HCIDLA as a result of the dissolution of the CRA/LA. On December 15, 2016 the City Council approved several recommendations with respect to the property, including HCIDLA's request to enter into an ENA to negotiate and execute an Owner Participation Agreement (OPA) with Weingart Center for the Homeless (Weingart) for the development

of affordable housing at 557 Crocker Ave., and to convey the property to the Weingart Center (C.F. 12-0049-S11). Further, HCIDLA was authorized to request and collaborate with the City Attorney to prepare an ordinance authorizing the transfer of 557 Crocker Ave. to the Weingart Center. On January 16, 2018, the City Council approved HCIDLA's request to negotiate and execute an OPA based on key terms and conditions negotiated with the Weingart Center (C.F. 12-0049-S5). The fully executed OPA was recorded by the City Clerk on March 29, 2018 (C-131084). The site is surrounded on three sides by parcels already owned by Weingart Center. When the City-owned site is sold to Weingart, the combined parcels will be used to construct 278 affordable housing units, including 55 units of supportive housing.

HCIDLA therefore requests that the City Council authorize the City Attorney to prepare and present a Sales Ordinance, and request that the City Attorney prepare and authorize the General Manager of HCIDLA, or designee, to negotiate and execute all loan-related, and other ancillary documents required, to effectuate the City's sale of 557 Crocker to Weingart Center, per the terms of the OPA.

Exclusive Negotiation Agreements

In addition to the projects described above, HCIDLA entered into one-year ENAs with qualified developers for five other sites in December 2017: 1035 S. Berendo St., 1047 S. Mariposa St., 1211 E. 43rd St., 283 W. Imperial Hwy., and 3551 E. 4th St. Each ENA has been extended by letter for 90 days, at the request of the developers. Although much progress has been made by each Developer to move the projects forward to a DDA or Owners Participation Agreement (OPA) with the City, extra time is needed for negotiation of terms and conditions. HCIDLA requests to extend the period of the ENAs to March 31, 2020, in order to give sufficient time for each Developer and HCIDLA to finalize the DDAs or OPAs.

A sixth ENA, executed in January 2017 with a two-year term, was entered into with LADOT and the developer of the Venice Dell Pacific site. Due to the complexity of the project, which is located on an LADOT-owned parking lot in the Coastal Zone, the ENA has been extended for 90 days at the request of the developer, and HCIDLA now requests the authority to extend the period of this ENA to February 28, 2020.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations contained in this report will authorize HCIDLA to negotiate and execute DDAs and an OPA, and extend ENAs with qualified developers selected from the AHOS RFQ/P released on July 25, 2016, and the Housing Dispositions and Development RFQ/P released in April 2016, January 2017, and March 2017, and to sell one property, resulting in the potential development of nine affordable and/or supportive housing projects.

Prepared by:

EVE BACHRACH

Management Assistant

Reviewed by:

RICK TONTHAT

Financial Development Office II

Reviewed by:

HELMI A. HISSERICH

Director, Housing Strategies & Services

Reviewed by:

SEAN L. SPEAR

Assistant General Manager

Reviewed by:

LAURA K. GUGLIELMO

Executive Officer

Approved by:

RUSHMORE D. CERVANTES

General Manager

ATTACHMENTS:

Attachment A: Term Sheet – 1035 S. Berendo Street
Attachment B: Term Sheet – 206 E. Washington Boulevard
Attachment C: Term Sheet – 4600 & 4601 W. Washington Boulevard
Attachment D: Disposition and Development Agreement Template
Attachment E: Owners Participation Agreement Template

Attachment A:
Term Sheet – 1035 S. Berendo Street

1035 & 1039 S. Berendo Street
Disposition and Development Agreement
Key Terms and Conditions

1. **Parties to the Agreement:**
The Disposition and Development Agreement ("DDA") for the Berendo Sage Apartments project shall be entered by and between the City of Los Angeles, a municipal corporation ("City"), and West Hollywood Community Housing Corporation ("Lessee"). The Developer will also be West Hollywood Community Housing Corporation.

2. **Site Description:**
The following parcels of land are currently owned by the City:

	Address	APN	Parcel Size (Sf)	Legal Description
City Parcel 1	1035 S. Berendo Street	5078-012-900	5,900	Attachment A
City Parcel 2	1039 S. Berendo Street	5078-012-901	5,900	Attachment A
Total Site			**11,800**	

3. **City Site History:**
In February 2009, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) acquired the Site for $1.7 million from Charleston Bay SAHP Corporation, using Low and Moderate Housing Trust funds. The Site is currently vacant and maintained by a property management company hired by HCIDLA. However, when the Site was purchased in 2009, two vacant two-bedroom single-family detached units were located on the Site.

The Site is located in the former Wilshire Center /Koreatown Redevelopment Project Area and Council District 1. In May 2013, CRA/LA transferred the Site to HCIDLA. On March 20, 2017, HCIDLA released an RFQ/P for the Site, and on October 13, 2017, the City Council selected the Developer's proposal. HCIDLA and the Developer entered into an Exclusive Negotiating Agreement (ENA) on December 7, 2017.

4. **Development Plan Summary:**
The Development Plan shall be implemented and completed as described below, subject to receipt by the Developer of approval by the City of all discretionary land use applications; and the receipt by Developer of the necessary enforceable financing commitments:
   a. Project Site Size: 11,800 square feet of Land Area.
   b. Gross Building Area: Approximately 40,005 square feet (31,335 sf. gross living area, 2,515 sf. leasing office/community space, and 6,155 sf. of common area/circulation).
   c. Unit Mix: 42 units (8 studio units, 22 one-bedroom units, 6 two-bedroom units and 6 three-bedroom units.
   d. Parking: 14 spaces.
   e. Target Population: Homeless, chronically homeless individuals, and intergenerational mix families earning up to 60% of the AMI.
   f. ADA Requirements: A CASp will be retained for the Project, which will comply with all City requirements as listed in the draft HHH and managed pipeline regulations. At least 10% of the units comply with the Uniform Federal Accessibility Standards (UFAS) requirements for mobility accessibility and an additional 4% of the units comply with UFAS requirements for sensory accessibility.

g. Amenities: The enclosed amenities will include a community room, computer room, outdoor courtyard, community garden, youth recreation area, supportive and administration offices, laundry facilities, and a roof deck. The 21 permanent supportive housing units will be furnished.

5. **Replacement Housing Plan:**
A Replacement Housing Plan will be placed for the two vacant two-bedroom single-family detached units that were located on the Site.

6. **Ground Lease of the City Site:**
The City agrees to ground lease to Developer and the Developer agrees to ground lease from the City, the lease hold interest in the City Site in accordance with the DDA. The Ground Lease will have a 99 year term.

7. **Ground Rent for City Site:**
The City agrees to ground lease the City Site to Developer and the Developer agrees to ground lease the City Site for the following below Fair Market Value rent:
   a. For the first 65 years of the Ground Lease (Initial Term), the Developer will pay the City a base annual ground lease payment of $10,000 (Base Rent), to be increased annually by 1%;
   b. A residual receipts rent equal to the pro rata share of 50% of the residual receipts (Residual Receipts Rent) to be shared with other soft lenders.
   c. Upon conclusion of the Initial Term, the Ground Lease will automatically be extended for three 11 year terms, up to a maximum total least term of 99 years, and the Developer will pay the City a revised rent amount equal to the FMV of the "As-Is" leasehold interest in the Site based on an appraisal conducted within six months of the lease renewal date prepared by a City approved real estate appraiser (Extension Base Rent).
   d. City Ground Lease, including the Base Rent payments, and Regulatory Agreement will not be subordinated to the construction and permanent debt lenders of the Project.
   e. Residual Receipt Rent payments will be subordinated to construction and permanent debt lenders of the Project.
   f. If the affordability restrictions are no longer in place, then the Project will pay the full FMV lease payment.
   g. The form of Ground Lease is subject to Investors agreement.

8. **Developer Pro Forma:**
Attached ("Attachment B") is the current Developer Pro Forma for the Project.

9. **Project Site Plan:**
Attached ("Attachment C") is the current Site Plan for the Project.

10. **Labor Rates:**
The Project will incur federal Davis Bacon and state prevailing wages as required by Project funding sources. It is assumed that the Project will not be required to enter into a Project Labor Agreement.

11. **Developer Fee:**
The total developer fee is estimated at $2,828,133, which is the maximum allowed under the TCAC and City underwriting guidelines. The Developer will defer approximately $985,822 to be repaid with cash flow as well as contribute $328,133 back to the Project. The net cash to be received by the Developer is $2,500,000, which is the maximum allowed by the City underwriting guidelines.

12. **Social Services to be Provided at Project:**
The Project will provide social services on-site. These services will be provided by a Los Angeles County authorized service provider. It is anticipated that West Hollywood Community Housing Corporation will provide resident services and a yet to be determined full-time service provider that specializes in formerly homeless households will provide following services:
    a. Service coordination and case management will be provided to the 21households;
    b. Services will be tailored to formerly homeless individuals.

13. **Minimum Reserves:**
    a. Capitalized Operating Reserves – $62,440.
    b. Capitalized Transition Reserves – Up to $464,520.
    c. Annual Replacement Reserves – $300 per unit.

14. **Subordination:**
The following summarizes the agreed upon subordination assumption for the City's affordability restrictions and loan:

Description	Subordination
City TOC Affordability Restrictions	Unsubordinated
HHH Affordability Restrictions	Subordinated to TEB
City Ground Lease	Unsubordinated

15. **Affordability Restrictions (See Attachment D):**
With one unit set-aside for the on-site manager, the income and affordability requirements for the remaining units will be restricted for a minimum of 55 years from the Certificate of Occupancy (COO) by the following regulatory agreements:

    a. TCAC Regulatory Agreement:

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
50% AMI	TCAC	TCAC	8	9	2	2	21
60% AMI	TCAC	TCAC	0	13	3	4	20
Total Units			**8**	**22**	**5**	**6**	**41**

    b. CDLAC Regulatory Agreement (40% at 60% AMI):

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
60% AMI	TCAC	TCAC	3	9	2	2	17
Total Units			**3**	**9**	**2**	**2**	**17**

    c. HHH Regulatory Agreement:

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
30% AMI - PSH / CH	TCAC	TCAC	8	3	0	0	11
30% AMI – PSH	TCAC	TCAC	0	6	2	2	10
Total Units			**8**	**9**	**2**	**2**	**21**

d. City Land Regulatory Agreement (Per Health and Safety Code Definitions);

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Moderate Income HCD [1]	§50093	§50053	8	22	5	6	41
Total Units			**8**	**22**	**5**	**6**	**41**

e. City TOC Regulatory Agreement – Tier 4 (Per Health and Safety Code Definitions):

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Tier 4 – Low	Schedule VII		8	3	0	0	11
Tier 3 – Low 60%	Schedule I		0	19	5	6	30
Total Units			**8**	**22**	**5**	**6**	**41**

f. County MHHP/Measure H Regulatory Agreement – TBD

16. **Financing Plan:**

Description	Entity	Amount
Tax-Exempt Bonds	CDLAC/Issued by City of LA	
Construction		$13,100,000
Permanent		$3,510,000
4% Tax Credits	TCAC/TBD Investor	$6,694,000
HHH Loan	City of LA	$6,620,000
AHP Loan	Federal Home Loan Bank	$492,000
LACDC	County of Los Angeles	$4,260,000
Contributed Developer Fee	Developer	$328,000
Deferred Developer Fee	Developer	$809,000
Project-Based Section 8	HACLA	21 Vouchers

[1] Use the Land Use Schedule VII chart for the gross rents.

17. **Milestones:**

The Developer anticipates applying for the funds listed below or an alternative source(s) providing an equal amount of sources to the project by the following dates:

Action	Date
DDA Executed	December 2018
Entitlements Secured	November 2018
HHH PSH Loan Application / Approval	Summer 2018
HACLA PBV Application / Award	November 2018 / February 2019
LACDC Application / Award	October 2018 / January 2019
AHP Loan Application / Award	February 2019 / June 2019
City TEB Application / Approval	January 2019 – March 2019
CDLAC Application / Award	July 2019 / September 2019
4% TCAC Application / Award	July 2019 / September 2019
Financing / Land Closing	February 2020
Construction Commences / Completed	March 2020 / August 2021
Placed in Service Date	November 2021

Signatures on the next page

18. **Agreement of Key Terms and Conditions:**

This agreement of key terms and conditions is not a contract nor is it a guarantee of a funding commitment by the City. It is a worksheet that will be utilized to prepare the Disposition and Development Agreement, Ground Lease and associated City contractual documents.

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: 8/14/18

Sean L. Spear
Assistant General Manager

LESSEE
West Hollywood Community Housing Corporation,
a California nonprofit benefit corporation

By: _____ Date: 8-2-18

Jesse Slansky
President and CEO

By: _____ Date: 8-2-18

Karl Lott
Board Chair

Attachment A	City Site Legal Description
Attachment B	Developer Pro Forma
Attachment C	Site Plan
Attachment D	Affordability Mix Summary

Attachment B:
Term Sheet – 206 E. Washington Boulevard

206 East Washington Boulevard
Owner Participation Agreement
Key Terms and Conditions

1. **Parties to the Agreement:**
The Owner Participation Agreement ("OPA") for the Washington Boulevard Apartments (Project) shall be entered by and between the City of Los Angeles, a municipal corporation ("City") and AMCAL Washington Fund, L.P., a California Limited Partnership ("Borrower"). The Coalition for Responsible Community Development, a California nonprofit public benefit corporation ("CRCD"), and AMCAL Multi-Housing Inc., a California corporation ("AMCAL") will act as co-developers of the Project (collectively "Developer").

2. **City Site Description:**
Three parcels of land are currently owned by the City:

	Address	APN	Parcel Size (Sf)	Legal Description
City Parcel 1	206 East Washington Boulevard	5127-029-902	7,500	Attachment A
City Parcel 2	1918 South Los Angeles Street	5127-029-903	6,788	Attachment A
City Parcel 3	1901 Santee Street	5127-029-904	35,180	Attachment A
Total City Site			**49,468**	

3. **Developer Site Description:**
Two parcels of land are currently owned by the Developer and are adjacent to the City Parcels indicated above:

	Address	APN	Parcel Size (Sf)	Legal Description
Developer Parcel 1	200 East Washington Boulevard	5127-029-049	7,570	Attachment B
Developer Parcel 2	1910 South Los Angeles Street	5127-029-037	4,716	Attachment B
Total Developer Site			**12,286**	

4. **City Site History**
On September 9, 2009, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) acquired the three City-owned parcels from the seller, Uniack Family Trust. The total purchase price was $6.80 million, with the CRA/LA acquiring 1901 Santee Street for $5.10 million and 206 East Washington Boulevard/1918 South Los Angeles Street for $1.70 million.

Per CRA/LA's accounting records, the acquisition funding came from a variety of sources including:

Funding Source	Amount
Bunker Hill Replacement Housing Funds	$5,000,000
CD9 Housing Trust Funds	$1,602,642
CD9 Housing Trust Series D (Bond Proceeds)	$8,900
Total Funds	**$6,611,592**

**It is unclear which funding sources were utilized for the remaining $188,408 in acquisition costs.

5. **Development Plan Summary:**
The Development Plan shall be implemented and completed as described below, subject to receipt by the Developer of approval by the City of all discretionary land use applications; and the receipt by Developer of the necessary enforceable financing commitments:
   a. Project Summary: Washington Boulevard Apartments will be a five-story building that will consist of 112 units. Twenty-five (25) units will be dedicated to homeless households, 86 units will be provided to general affordable family households, and one unit will be set-aside for an on-site manager. A total of 75 parking spaces will be provided in an at-grade parking garage. In addition to the residential space, approximately 7,300 square feet of commercial or community facility space will be provided.
   b. Project Site Size: The gross site area is estimated at 61,754 square feet of land area (includes the City Parcels and Developer Parcels). However, this should be confirmed with a land survey.
   c. Gross Building Area: 135,076 square feet (102,530 sf net living area, 3,460 sf of community room area, 7,300 sf of commercial area, 21,786 sf of circulation). In addition, the Project includes 6,720 sf of patio area.
   d. Unit Mix: 27 one-bedroom units, 49 two-bedroom units, and 36 three-bedroom units.
   e. Parking: 75 spaces
   f. Target Population: Homeless transition age youth (TAY) for the 25 Permanent Supportive Housing Units; the remainder of the units will be targeted to general affordable family households.
   g. ADA Requirements: A CASp will be retained for the Project, which will comply with all City requirements as listed in the managed pipeline regulations. At least 10% of the units comply with the Uniform Federal Accessibility Standards (UFAS) requirements for mobility accessibility and an additional 4% of the units comply with UFAS requirements for sensory accessibility.
   h. Amenities: The Project includes approximately 7,300 sf of community-serving commercial or community facility space or must meet the required residential to commercial ratio for managed pipelines projects and is approved by HCIDLA. In addition, the Project will incorporate a business room, offices for supportive services, a community room, and a courtyard with a tot lot and outdoor seating areas.

6. **Purchase and Sale of the City Site:**
The City agrees to sell and convey to the Developer, and the Developer agrees to purchase and accept from the City, the fee interest in the City Site in accordance with the OPA and the Grant Deed.

7. **Purchase Price for City Site:**
The City agrees to convey the City Site to the Developer and the Developer agrees to purchase the City Site for $7,500,000, or as determined by an appraisal ("Purchase Price").

8. **Demolition of City Site**
The City Site consists of three existing buildings, which the City will demolish prior to conveyance to the Developer. As such, the City Site will be conveyed to the Developer as a vacant parcel. The demolition costs are estimated at up to $1.30 million, which is in addition to the development costs outlined in the Developer's pro forma. The City will utilize Low and Moderate Income Housing Asset Funds (LMIHAF) to pay for the demolition costs. The LMIHAF funds are subject to the expenditure requirements imposed by California Health and Safety Code Section 34176.1.

9. **Relocation**
The Developer Site is comprised of an existing residential building containing 31 studio apartment units, and an auto repair facility. All occupants of the residential building and the auto repair facility will need to be permanently relocated. The Developer will be responsible for relocating the occupants

per City, State and/or Federal relocation requirements. The Developer estimates the relocation costs to be approximately $2.97 million. This cost estimate includes the tenant relocation expenses, a contingency allowance, as well as the costs to prepare and implement the relocation plan.

10. **Remediation**
Based on the Phase II environmental assessments, elevated concentrations of lead and cobalt have been identified at the Site. In addition, concentrations of tetrachloroethylene (PCE) exceeding California Human Health Screenings (CHHSLs) for residential and commercial scenarios were detected in soil vapor on the Site. Based on these findings, the remediation plan calls for the Developer to enter the Site into the Department of Toxic Substance Controls (DTSCs) Voluntary Cleanup Program for regulatory oversight of site remediation activities. The Developer estimates the remediation costs at $718,907, which are included in the Developer's pro forma.

11. **Developer Pro Forma:**
Attached ("Attachment C") is the current Developer Pro Forma for the Project.

12. **Project Site Plan:**
Attached ("Attachment D") is the current Site Plan for the Project.

13. **Labor Rates:**
The Project will incur federal Davis Bacon, and State of California prevailing wages.

14. **Developer Fee:**
The total developer fee is estimated at $1,981,218, which is the maximum allowed under the TCAC regulations. The Developer does not intend to permanently defer any portion of the total developer fee.

15. **Related Party Loan Interest Rates**
The maximum interest rate applied to any loan from a party related to the Developer or Borrower must be no more than 10%. For the purposes of calculating acquisition and predevelopment loan interest costs, the interest costs of any related party loans already made to the project will be estimated using the maximum interest rate allowed by the City.

16. **Social Services to be Provided at Project:**
The Project's operating budget includes $18,000 in annual social services for the general population in the project. The supportive services for the special needs units will be covered by Los Angeles County Department of Mental Health and the Department of Health Services through an Intensive Case Management contract with CRCD. The services will be funded by Measure H under Strategy D7 for the provision of services for permanent supportive housing. The services that will be made available to residents will include the following:
    a. Case management
    b. Adult education classes
    c. Health and wellness services
    d. Crisis management
    e. Mediation
    f. Social activities
    g. Green education

17. **Minimum Reserves:**

a. Capitalized Operating Reserves - $379,567
b. Annual Replacement Reserves - $500 per unit

18. City Land Loan Terms:

The City agrees to provide a residual receipts loan ("City Land Loan") to the Developer with the following terms:

a. The City Loan Amount will be equal to the Purchase Price of the City Site.
b. The term will be 57 years ("City Land Loan Term"). The term includes two years for construction and 55 years from Certificate of Occupancy (COO).
c. The City Land Loan will have a 3.0% simple interest rate applied.
d. The annual loan payments will be based on 50% of residual receipts. (This amount will be shared proportionally with payment on other soft loans.)
e. The City Land Loan will be subordinated to the construction/permanent loans.
f. At the end of the City Land Loan Term, the outstanding balance of the City Land Loan will be due and payable.
g. The City Land Loan will be secured by a subordinated Trust Deed that will be applied to the entire Project Site.

19. Subordination:

The following summarizes the agreed upon subordination assumption for the City's affordability restrictions and loan:

Description	Subordination
City Land Affordability Restrictions	Subordinated to Construction/Permanent Loans
HCID AHTF Affordability Restrictions	Subordinated to Construction/Permanent Loans
City Land Loan	Subordinated to Construction/Permanent Loans

20. Affordability Restrictions (See Attachment E):

One unit will be unrestricted and set-aside for an on-site manager. The remaining 111 units will be subject to income and affordability requirements imposed by the regulatory agreements for up to a 55-year period after COO. The income and affordability restrictions are as follows:

a. City Land Regulatory Agreement (per California Health & Safety Code (H&SC)):

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Very-Low Income HCD	§50105	§50053	0	0	0	0
Low Income HCD	§50079.5	§50053	0	0	0	0
Moderate Income HCD	§50093	§50053	27	49	36	111
Total Units			**27**	**48**	**36**	**111**

b. Low and Moderate Income Housing Asset Fund Regulatory Agreement (Per H&SC):

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Extremely Low Income HCD	§50106	§50053	25	0	0	25
Total Units			**25**	**0**	**0**	**25**

c. TCAC Regulatory Agreement:

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
30% AMI	TCAC	TCAC	25	5	4	34
50% AMI	TCAC	TCAC	2	5	5	12
60% AMI	TCAC	TCAC	0	38	27	65
Total Units			**27**	**48**	**36**	**111**

d. HCID AHTF Regulatory Agreement:
The HCID AHTF affordability restrictions will be finalized after the Project has received a funding award.

e. LACDC Regulatory Agreement(s):
The LACDC affordability restrictions will be finalized after the Project has received a funding award.

21. Financing Plan:
The following summarizes the approved Financing Plan for the Project:

Description	Entity	Amount
Conventional Loan		
Construction	TBD	$40,508,000
Permanent	TBD	$12,225,000
9% Federal Tax Credit Equity	TCAC/TBD Investor	$25,750,000
State Tax Credit Equity	TCAC/TBD Investor	$11,275,000
LACDC AHTF Loan	LACDC	$2,000,000
LACDC MHHP Loan	LACDC	$2,400,000
Reef Funds	Reef Development Project	$3,000,000
Deferred Developer Fee	Developer	$0
HCID AHTF Loan	City of LA	$8,329,000
City Loan	City of LA	FMV of City Site
Project-Based Section 8	HACLA	25 Vouchers

22. Milestones:
The Developer agrees to apply for the funds listed below by the following dates:

OPA Executed	Fall 2018
Entitlements Application	2/28/2018
Entitlements Secured	9/1/2018
LACDC AHTF Application / Award	10/15/2018, 1/5/2019
LACDC MHHF Application / Award	10/15/2018, 1/5/2019
PBS8 Application / Award	12/15/2018, 1/30/2019

Reef Funds Award	TBD, have support letter
AHTF Application / Award	5/24/2018, 6/24/2018
9% TCAC Application / Award	2/28/2019, 5/15/2019
Financing / Land Closing	11/15/2019
Construction Commences / Completed	11/20/2019, 9/20/2021
Placed in Service Date	9/20/2021

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[Signatures on the next page]

23. **Agreement of Terms:**
This agreement of key terms and conditions is not a contract nor is it a guarantee of a funding commitment by the City. It is a worksheet that will be utilized to prepare the Owner Participation Agreement and associated City contractual documents.

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: 10/22/18

Sean L. Spear
Assistant General Manager

DEVELOPER
CRCD / AMCAL

By: _____ Date: _____

Mark Wilson
Executive Director
Coalition for Responsible Community Development

By: _____ Date: Oct 16 2018

Arjun Nagarkatti
President and CFO
AMCAL Multi-Housing Inc.

Attachment A	HCIDLA Site Legal Description
Attachment B	Developer Site Legal Description
Attachment C	Developer Pro Forma
Attachment D	Site Plan
Attachment E	Affordability Mix Summary

23. **Agreement of Terms:**
This agreement of key terms and conditions is not a contract nor is it a guarantee of a funding commitment by the City. It is a worksheet that will be utilized to prepare the Owner Participation Agreement and associated City contractual documents.

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: _____

Sean L. Spear
Assistant General Manager

DEVELOPER
CRCD / AMCAL

By: _____ Date: 10-16-2018

Mark Wilson
Executive Director
Coalition for Responsible Community Development

By: _____ Date: Oct 16 2018

Arjun Nagarkatti
President and CFO
AMCAL Multi-Housing Inc.

Attachment A	HCIDLA Site Legal Description
Attachment B	Developer Site Legal Description
Attachment C	Developer Pro Forma
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Attachment C:
Term Sheet – 4600 & 4601 W. Washington Boulevard

4600-4615 W. Washington Boulevard
Disposition and Development Agreement
Key Terms and Conditions

1. **Parties to the Agreement:**
The Disposition and Development Agreement ("DDA") for the Washington Arts Collective project shall be entered by and between the City of Los Angeles, a municipal corporation ("City"), and WAC LP, a California limited partnership ("Lessee"). The Developer will also be Meta and WCH. The City will be acting by and through the Los Angeles Housing and Community Investment Department ("HCIDLA").

2. **Site Description:**
The following parcels of land are currently owned by the LADOT:

	Address	APN	Parcel Size (Sf)	Legal Description
City Parcel 1	4600 W. Washington Blvd	5061-014-900	11,707	Attachment A
City Parcel 2	4615 W. Washington Blvd	5071-025-901	7,085	Attachment A
City Parcel 3	4609 W. Washington Blvd	5071-025-902	7,085	Attachment A
City Parcel 4	4601 W. Washington Blvd	5071-025-903	10,641	Attachment A
City Alley			864	
Total Site			**36,923**	

City Parcel 1 and the City Alley are located on the southside of Washington Boulevard (South Project) while City Parcels 2, 3 and 4 are located on the northside of Washington Boulevard (North Project).

3. **City Site History:**
The Site is owned by LADOT and on March 20, 2017 HCIDLA issued a Request for Qualifications/Proposals (RFQ/P). On October 13, 2017 the Developer was selected by the City Council and an Exclusive Negotiation Agreement ("ENA") was entered into by the parties. The Site is located in the Council District 10. The Site is currently improved with surface parking spaces.

4. **Development Plan Summary:**
The Development Plan shall be implemented and completed as described below, subject to receipt by the Developer of approval by the City of all discretionary land use applications; and the receipt by Developer of the necessary enforceable financing commitments:
   a. Project Site Size: 36,923 square feet of Land Area.
   b. Gross Building Area:

	North Project	South Project	Total Project
Residential Living Area	27,735	12,650	40,385
Art Studios/ Rehearsal Space	3,175	1,000	4,175
Lobby / Offices	2,955	1,035	3,990
Common Area / Circulation	17,765	8,770	26,535
Gross Building Area	**51,630**	**23,455**	**75,085**

   c. Unit Mix:

	North Project	South Project	Total Project
1-Bedroom Units	7	23	30

2-Bedroom Units	11	0	11
3-Bedroom Units	15	0	15
Total Units	**33**	**23**	**56**

All of the PSH units will be one-bedroom units located in the South Project.

d. Parking:

	North Project	South Project	Total Project
At-Grade	26	18	44
Subterranean	46	0	46
Total Parking Spaces	**72**	**18**	**90**

e. Target Population: Homeless, chronically homeless individuals, and intergenerational mix families earning up to 60% of the AMI.

f. ADA Requirements: A CASp will be retained for the Project, which will comply with all City requirements as listed in the draft HHH and managed pipeline regulations. At least 10% of the units comply with the Uniform Federal Accessibility Standards (UFAS) requirements for mobility accessibility and an additional 4% of the units comply with UFAS requirements for sensory accessibility.

g. Amenities: Common areas on the first floor includes a rear yard, art gallery, rehearsal space, art studios, offices for the supportive service provider, property manager and social service provider. The second floor includes a community room, laundry room, shared courtyards and a tot lot. The 20 permanent supportive housing units will be furnished.

h. LADOT will transfer their non-financial jurisdiction and control of 4600, 4601 Washington Blvd to HCIDLA.

5. **Ground Lease of the City Site:**
The City agrees to ground lease to Developer and the Developer agrees to ground lease from the City, the lease hold interest in the City Site in accordance with the DDA. The Ground Lease will have a 99 year term.

6. **Ground Rent for City Site:**
The City agrees to ground lease the City Site to Developer and the Developer agrees to ground lease the City Site for the following below Fair Market Value rent:
   a. For the first 67 years of the Ground Lease (Initial Term), the Developer will pay the City a base annual ground lease payment of $10,000 (Base Rent), to be increased annually by 1%;
   b. A residual receipts rent equal to the pro rata share of 50% of the residual receipts (Residual Receipts Rent) to be shared with other soft lenders.
   c. Upon conclusion of the Initial Term, the Ground Lease will automatically be extended for one 10 year plus two 11 year terms, up to a maximum total least term of 99 years, and the Developer will pay the City a revised rent amount equal to the FMV of the "As-Is" leasehold interest in the Site based on an appraisal conducted within six months of the lease renewal date prepared by a City approved real estate appraiser (Extension Base Rent).
   d. City Ground Lease, including the Base Rent payments, and Regulatory Agreement will not be subordinated to the construction and permanent debt lenders of the Project.
   e. Residual Receipt Rent payments will be subordinated to construction and permanent debt lenders of the Project.
   f. If the affordability restrictions are no longer in place, then the Project will pay the full FMV lease payment.

7. **Developer Pro Forma:**
Attached ("Attachment B") is the current Developer Pro Forma for the Project.

8. **Project Site Plan:**
Attached ("Attachment C") is the current Site Plan for the Project.

9. **Labor Rates:**
The Project will incur federal Davis Bacon and state prevailing wages as required by Project funding sources. It is assumed that the Project will not be required to enter into a Project Labor Agreement.

10. **Developer Fee:**
The total developer fee is estimated at $3,500,000, which is the maximum allowed under the TCAC and City underwriting guidelines. The Developer will defer approximately $1,725,201 to be repaid with cash flow. The net cash to be received by the Developer is $3,500,000, which is the maximum allowed by the City underwriting guidelines.

11. **Social Services to be Provided at Project:**
The Project will provide social services on-site. These services will be provided by a Los Angeles County authorized service provider. It is anticipated that LifeSteps will provide resident services. The service provider will provide following services:
    a. The TCAC required services, incorporated with arts programming will be provided to all units;
    b. Service coordination and case management will be provided to the 20 PSH households;
    c. Services will be tailored to formerly homeless individuals.

12. **Minimum Reserves:**
    a. Capitalized Operating Reserves – $121,000.
    b. Capitalized Transition Reserves – $0.
    c. Annual Replacement Reserves – $500 per unit.

13. **Subordination:**
The following summarizes the agreed upon subordination assumption for the City's affordability restrictions and ground lease:

Description	Subordination
City TOC Affordability Restrictions	Unsubordinated
City Land Affordability Restrictions	Subordinated to TEB
City Ground Lease	Unsubordinated

14. **Affordability Restrictions (See Attachment D):**
With one unit set-aside for the on-site manager, the income and affordability requirements for the remaining units will be restricted for a minimum of 55 years from the Certificate of Occupancy (COO) by the following regulatory agreements:

    a. TCAC Regulatory Agreement:

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
20% AMI		TCAC	20	0	0	20
20% AMI		TCAC	0	1	2	3
50% AMI		TCAC	0	1	0	1
60% AMI		TCAC	9	9	13	31
Total Units			**29**	**11**	**15**	**55**

b. CDLAC Regulatory Agreement (40% at 60% AMI):

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
60% AMI	TCAC		12	5	6	23
Total Units			**12**	**5**	**6**	**23**

c. City Land Regulatory Agreement (Per Health and Safety Code Definitions);

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Moderate Income HCD	Schedule VII		29	11	15	55
Total Units			**29**	**11**	**15**	**55**

d. City TOC Regulatory Agreement – Tier 3 (Per Health and Safety Code Definitions):

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Tier 3 – Low	Schedule VII		3	1	2	6
Tier 3 – Low 60%	Schedule I		26	10	13	49
Total Units			**29**	**11**	**15**	**55**

e. HHH Regulatory Agreement:

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
30% AMI - PSH / CH	TCAC	TCAC	10	0	0	10
30% AMI – PSH	TCAC	TCAC	10	0	0	10
Total Units			**20**	**0**	**0**	**20**

15. **Financing Plan:**

Description	Entity	Amount
Tax-Exempt Bonds	CDLAC/Issued by City of LA	
Construction		$16,600,000
Permanent		$5,668,000
4% Federal Tax Credits	TCAC/TBD Investor	
Construction		$1,231,000
Permanent		$12,311,000
AHSC – AHD	HCD	$4,940,000
AHSC – HRI	HCD	$1,504,000
AHP	FHLB	$560,000
HHH	LA County	$4,400,000
No Place Like Home	HCD	$871,000
Contributed Developer Fee	Developer	$0
Deferred Developer Fee	Developer	
Construction		$2,633,000
Permanent		$1,702,000
Project-Based Section 8	HACLA or HACOLA	20 Vouchers

16. **Milestones:**

The Developer anticipates applying for the funds listed below or an alternative source(s) providing an equal amount of sources to the project by the following dates:

Action	Date
Submit Entitlement Package, CEQA	September 18, 2018
HHH Application / Award	November 2018 / January 2019
Project Based Vouchers Application / Award	December 2018 / January 2019
Site Plan & Design Approval / CEQA Approval	January 8, 2019
DDA Executed	January 2019
NPLH Application/ Award	March 2019 / June 2019
AHP Application / Award	March 2019 / June 2019
AHSC Application / Award	February 2020 / April 2020
CDLAC / TCAC Application / Award	May 2020 / July 2020
Construction Commences / Completed	August 2020 / February 2022
Placed in Service Date	February 2023

[Signatures on the next page]

17. **Agreement of Key Terms and Conditions:**

This agreement of key terms and conditions is not a contract nor is it a guarantee of a funding commitment by the City. It is a worksheet that will be utilized to prepare the Disposition and Development Agreement, Ground Lease and associated City contractual documents.

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: 1/10/19

Sean L. Spear
Assistant General Manager

LESSEE
WAC, L.P
a California limited partnership

By: _____ Date: 11/7/18

Kasey Burke
President of Meta Housing Corporation, Manager of Meta AGP Investments, LLC. Manager of WAC, LLC, its Administrative General Partner

By: _____ Date: _____

Graham Espley-Jones
President of Western Community Housing, Inc, Manager of WCH Affordable XXXIIII, LLC, its Managing General Partner

Attachment A	City Site Legal Description
Attachment B	Developer Pro Forma
Attachment C	Site Plan
Attachment D	Affordability Mix Summary

17. **Agreement of Key Terms and Conditions:**

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HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: _____

Sean L. Spear
Assistant General Manager

LESSEE
WAC, L.P
a California limited partnership

By: _____ Date: _____

Kasey Burke
President of Meta Housing Corporation, Manager of Meta AGP Investments, LLC. Manager of WAC, LLC, its Administrative General Partner

By: _____ Date: 11/6/19

Graham Espley-Jones
President of Western Community Housing, Inc, Manager of WCH Affordable XXXIIII, LLC, its Managing General Partner

Attachment A	City Site Legal Description
Attachment B	Developer Pro Forma
Attachment C	Site Plan
Attachment D	Affordability Mix Summary

EXHIBIT A
Legal Description

PARCEL 1:

LOTS "A" AND "B" OF TRACT NO. 4416, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 48 PAGE 81 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2:

LOTS 39, 41 AND 43 IN BLOCK 1 OF ARLINGTON HEIGHTS TERRACE SUBDIVISION NO. 1, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 9 PAGE(S) 166 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

INCOME

HUD/TCAC

Unit Type	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	
Rent @ 100% AMI	$1,696	$1,818	$2,182	$2,520	$2,812		2018 TCAC Rents
Utility Allowance (Eff 12/1/17)		$24.00	$32.00	$39.00			HACLA 12/17 Utility Allowance
Rental Subsidy (PBV's)	$1,067	$1,412	$1,829	$2,454			HACLA Payment Standards 11/1/17 (for Section 8 PBV's)

Type	Unit/Sq. Ft.	Units	% of AMI HUD/TCAC	TCAC Rent/Unit	TOC Rent Schedule 1	TOC Rent Schedule 7	Utility Allow.	Rent Received	Total Rent	PBV's	Fair Market Rents	Rent vs PBV Fair Market Rents	Total Overhang Income Special Needs	Overhang Income Regular
1 Bed - 1 Bath	550	20	20%	$ 364			$ 24	$ 340	$ 6,800	20	$ 1,412	$ 1,048	$ 20,960	
1 Bed - 1 Bath (TCAC 60%)	550	9	60%	$ 1,091			$ 24	$ 1,067	$ 9,603					
2 Bed - 2 Bath (HCD Very Low)	760	1	30%	$ 655		$ 468	$ 32	$ 436	$ 436					
2 Bed - 1 Bath (TCAC 50%)	760	1	50%	$ 1,091	$ 1,091		$ 32	$ 1,059	$ 1,059					
2 Bed - 1 Bath (TCAC 60%)	760	9	60%	$ 1,310	$ 1,309		$ 32	$ 1,277	$ 11,493					
3 Bed - 2 Bath (HCD Very Low)	1035	2	30%	$ 756		$ 520	$ 39	$ 481	$ 962					
3 Bed - 2 Bath (TCAC 60%)	1035	13	60%	$ 1,512	$ 1,453		$ 39	$ 1,474	$ 18,362					
Mngr Unit - 1bd	760	1	N/A	$ -			$ -	$ -	$ -					
Avg/Total	725	66	43.64%	$ 926			$ 28	$ 870	$ 48,735	20	1,412		$ 20,960	$ -
								Annual	584,820					
	$ 1,696,458											Total Monthly Overhang Rent	$ 20,960	$ -
								Non Special Needs Rents	$ 503,220			Total Annual Overhang	$ 251,520	$ -
								Annual Special Needs Unit Rents	$ 81,600					
									$ 584,820					

Annual Gross Income (Non Special Needs)		$	503,220
Other Income	$ 10.00	$	6,720
Vacancy (Non Special Needs)	5%	$	(25,497)
Annual Gross Income (Special Needs)		$	333,120
Vacancy (Special Needs)	5%	$	(16,656)
Effective Gross Income			**$ 800,907**

	Year 1	Per Sq. Ft.	Per Unit
	2018	68,160	56
Expenses:			
Salaries & Benefits			
Manager	$ 42,500	$ 0.62	$ 759
Asst. Manager (Part Time)		$ -	$ -
Employee Apartment	$ -	$ -	$ -
Employee Burden	$ 14,025	$ 0.21	$ 250
Total Salaries & Benefits	$ 56,525	$ 0.83	$ 1,009
Administrative	$ 25,000	$ 0.37	$ 446
Business License Tax	$ 500	$ 0.01	$ 9
Advertising/Marketing	$ 2,000	$ 0.03	$ 36
Repairs & Maint.			$ -
Maintenance Manager	$ 37,500	$ 0.55	$ 670
Asst. Maintenance	$ -	$ -	$ -
Apartment Allowance		$ -	$ -
Employee Burden	$ 12,375	$ 0.18	$ 221
Painting & Cleaning	$ 13,440	$ 0.20	$ 240
Repairs & Maint.	$ 13,440	$ 0.20	$ 240
Total Admin, Repairs & M	$ 104,255	$ 1.53	$ 1,862
Contract Services			
Elevator Service Contract	$ -	$ -	$ -
Fire Sprinkler/Alarm Service	$ 3,000	$ 0.04	$ 54
Trash	$ 10,080	$ 0.15	$ 180
Pest Control	$ 7,000	$ 0.10	$ 125
Landscape/Grounds Maintena	$ 13,440	$ 0.20	$ 240
Security Monitor		$ -	$ -
Total Contract Services	$ 33,620	$ 0.49	$ 599
Utilities			
Electric	$ 26,880	$ 0.39	$ 480
Water & Sewer	$ 36,960	$ 0.54	$ 660
Gas	$ 9,432	$ 0.14	$ 168
Total Utilities	$ 73,272	$ 1.07	$ 1,308
Management Fees	$ 29,568	$ 0.43	$ 528
Legal/Audit	$ 17,500	$ 0.26	$ 313
Real Estate Taxes	$ 1,000	$ 0.01	$ 18
Insurance	$ 11,424	$ 0.17	$ 204
Replacement Reserves	$ 28,000	$ 0.41	$ 500
Operating Reserve	$ -	$ -	$ -
Bond Admin Costs/Issuer Fee	$ 7,500	$ 0.11	$ 134
Activity Fee	$ 37,500	$ 0.23	$ 670
Transit Passes		$ -	$ -
Total Other	$ 132,492	$ 1.94	$ 2,366
Total Expenses	$ 400,064	$ 5.87	$ 7,144
Additional Project Expenses:			
Asset Management Fee (LP)	$ 5,000	$ 0.07	$ 89
Managing General Partner Fee (MGP)	$ 10,000	$ 0.15	$ 179
Other Fee (AGP)	$ 5,000	$ 0.07	$ 89
Total	$ 20,000	$ 0.29	$ 357

TAX CREDIT SCHEDULE

Tax Credit Calculation

			Fed NC/RH	Fed Acq
Total Eligible Basis			29,764,489	
less Voluntarily Excluded Basis			$ -	0
less Grant Proceeds/Non-Qualified Financing			$ -	0
less Forced Basis Exclusion			$ -	0
Total Requested Unadjusted Elegible Basis			29,764,489	
	QCT Split	Boost		0
X High Cost Adjustment	75%	130%	29,020,376	100%
0	25%	100%	7,441,122	
Total Adjusted Eligible Basis			36,461,499	0
X Applicable Fraction		100.0%		100%
Total Qualified Basis			36,461,499	0
Total Credit Reduction		0%		
Total Adjusted Qualified Basis			36,461,499	
X Applicable Percentage	September	3.31%		3.31%
			1,206,876	0
X # of Years of Credit		10		
			12,068,756	0
X Tax Credit Factor		$ 1.02000		
Equity to Project			12,310,131	$ -
		0.9999	**12,308,900**	**0**

DEVELOPMENT COSTS - SUMMARY

Total Square Footage (Building 1 and 2):	64,160	
Total Number of Units:	56	5388.356
Average Square Feet per Unit:	725	

	Total Cost	Cost Per Unit	Cost Per Sq Ft	% of Total Budget	Eligible Basis
LAND COST					
Land Acquisition	-	$ -	-	0.00%	-
Holding Cost/Taxes/Liens & Fees	165,000	$ 2,946	2.42	0.52%	-
Demolition	-	$ -	-	0.00%	-
Title/Escrow	-	$ -	-	0.00%	-
TOTAL LAND COST	**165,000**	**$ 2,946**	**2.42**	**0.52%**	**-**
DIRECT CONSTRCT. COST					
Building	16,558,663	$ 295,690	242.94	51.83%	16,558,663
Garages	1,110,000	$ 19,821	16.29	3.47%	-
Gen Cond/Overhead/Profit/GC Contingency-Perf	3,370,967	$ 60,196	49.46	10.55%	3,370,967
On-Site (Demo-Sitework)	300,000	$ 5,357	4.40	0.94%	300,000
Off-Site	410,000	$ 7,321	6.02	1.28%	410,000
TOTAL CONSTRUCTION	**21,749,629**	**$ 388,386**	**319.10**	**68.08%**	**20,639,629**
SOFT COSTS					
Appraisal/CNA Study	8,000	$ 143	0.12	0.03%	8,000
Arch., Structural, MEP, Landscape, Green, Dir.	1,164,466	$ 20,794	17.08	3.64%	1,164,466
Reimbursable/Reproductions	20,000	$ 357	0.29	0.06%	20,000
Civil, Survey, Geotech, Dep. Inspections	186,000	$ 3,321	2.73	0.58%	186,000
Construction Manager/Monitoring	300,000	$ 5,357	4.40	0.94%	300,000
Environ.& Soils Reports	20,000	$ 357	0.29	0.06%	15,000
Escrow/Title	77,000	$ 1,375	1.13	0.24%	55,000
Interior Design/Furnishings	300,000	$ 5,357	4.40	0.94%	300,000
Insurance	200,000	$ 3,571	2.93	0.63%	200,000
Legal	150,000	$ 2,679	2.20	0.47%	100,000
Marketing/Lease Up	60,000	$ 1,071	0.88	0.19%	20,000
Studies/Report	22,900	$ 409	0.34	0.07%	22,900
Permits/Fees	800,000	$ 14,286	11.74	2.50%	800,000
Real Estate Taxes	2,000	$ 36	0.03	0.01%	-
Consultant	115,000	$ 2,054	1.69	0.36%	115,000
Relocation	-	$ -	-	0.00%	-
Entitlements	35,000	$ 625	0.51	0.11%	35,000
Security/Operations	-	$ -	-	0.00%	-
Tax Credit Fee	37,620	$ 661	0.54	0.12%	-
Capitalized Operating Reserve	120,479	$ 2,151	1.77	0.38%	-
Capitalized Replacement Reserve	-	$ -	-	0.00%	-
MHSA Inspection Fee	-	$ -	-	0.00%	-
Misc. (Organization, Accounting, etc.)	169,800	$ 3,032	2.49	0.53%	129,800
Subtotal Direct Const.Cost	3,787,673	$ 67,637	55.57	11.86%	3,473,166
Soft Cost Contingency	268,618	$ 4,797	3.94	0.84%	268,618
Hard Cost Contingency	1,087,481	$ 19,419	15.95	3.40%	1,087,481
TOTAL INDIRECT CONST.	**5,143,771**	**$ 91,853**	**75.47**	**16.10%**	**4,827,266**
FINANCING					
Const. Loan Points	123,750	$ 2,210	1.82	0.39%	123,750
Const. Lender Reports and Costs	10,000	$ 179	0.15	0.03%	10,000
Const. Lender Legal	50,000	$ 893	0.73	0.16%	50,000
Const. Loan Interest	1,025,064	$ 18,358	15.08	3.22%	530,844
Predev Loan Interest	37,000	$ 661	0.54	0.12%	37,000
Permanent Loan Points & Fees	9,100	$ 162	0.13	0.03%	-
Perm. Lender Reports and Costs	5,000	$ 89	0.07	0.02%	-
Permanent Lender Legal	15,000	$ 268	0.22	0.05%	-
CHFA Fees	-				-
Bond Issuance Costs	111,775	$ 1,996	1.64	0.35%	-
Issuer Fee	59,500	$ 1,063	0.87	0.19%	-
Bond Counsel Fee	-	$ -	-	0.00%	-
Trustee Fee	-	$ -	-	0.00%	-
Trustee Counsel Fee	15,000	$ 268	0.22	0.05%	-
Printing Exp.	-	$ -	-	0.00%	-
Underwriter Fee	25,000	$ 446	0.37	0.08%	-
Underwriter Counsel	-	$ -	-	0.00%	-
Rating Agency Fee	-	$ -	-	0.00%	-
CDLAC Fee	12,275	$ 219	0.18	0.04%	-
TOTAL FINANCING	**1,389,689**	**$ 24,846**	**20.39**	**4.35%**	**797,594**
DEVELOPMENT FEE	**3,500,000**	**$ 62,500**	**51.38**	**10.96%**	**3,500,000**
TOTAL PROJECT COST	**31,948,091**	**570,502**	**$ 150**	**100.00%**	**29,764,489**

15 YR-CASH FLOW

Year	Escalation	Per Unit	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenues:																	
Non Special Needs Base Rent	2.50%	$ 8,988	$ 503,220	$ 515,801	$ 528,696	$ 541,913	$ 555,461	$ 569,347	$ 583,581	$ 598,170	$ 613,125	$ 628,453	$ 644,164	$ 660,268	$ 676,775	$ 693,694	$ 711,037
Special Needs Base Rent	2.50%	$ 1,457	$ 81,600	$ 83,640	$ 85,731	$ 87,874	$ 90,071	$ 92,323	$ 94,631	$ 96,997	$ 99,422	$ 101,907	$ 104,455	$ 107,066	$ 109,743	$ 112,487	$ 115,299
Subsidy Rent - Special Needs	2.50%	$ 4,491	$ 251,520	$ 257,808	$ 264,253	$ 270,860	$ 277,631	$ 284,572	$ 291,686	$ 298,978	$ 306,453	$ 314,114	$ 321,967	$ 330,016	$ 338,266	$ 346,723	$ 355,391
Subsidy Rent - PBV Rental Units	2.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income	2.50%	$ 120	$ 6,720	$ 6,888	$ 7,060	$ 7,237	$ 7,418	$ 7,603	$ 7,793	$ 7,988	$ 8,188	$ 8,392	$ 8,602	$ 8,817	$ 9,038	$ 9,264	$ 9,495
Vacancy Loss - Affordable	5.0%	$ (455)	$ (25,497)	$ (26,134)	$ (26,788)	$ (27,457)	$ (28,144)	$ (28,848)	$ (29,569)	$ (30,308)	$ (31,065)	$ (31,842)	$ (32,638)	$ (33,454)	$ (34,291)	$ (35,148)	$ (36,027)
Vacancy Loss - Base Rent Special Nee	5.0%	$ (297)	$ (16,656)	$ (17,072)	$ (17,499)	$ (17,937)	$ (18,385)	$ (18,845)	$ (19,316)	$ (19,799)	$ (20,294)	$ (20,801)	$ (21,321)	$ (21,854)	$ (22,400)	$ (22,960)	$ (23,534)
Vacancy Loss - Subsidy - PBVs Special	5.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Net Revenues		14,302	800,907	820,930	841,453	862,489	884,051	906,153	928,807	952,027	976,827	1,000,223	1,025,229	1,050,859	1,077,131	1,104,059	1,131,661
Expenses:																	
Salaries & Benefits																	
Manager	3.50%	759	42,500	43,988	45,527	47,121	48,770	50,477	52,243	54,072	55,964	57,923	59,950	62,049	64,220	66,468	68,795
Asst. Manager	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Apartment	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Burden	3.50%	250	14,025	14,516	15,024	15,550	16,094	16,657	17,240	17,844	18,468	19,115	19,784	20,478	21,193	21,934	22,702
Total Salaries & Benefits		1,009	56,525	58,503	60,551	62,670	64,864	67,134	69,484	71,916	74,433	77,038	79,734	82,525	85,413	88,403	91,497
Administrative	3.50%	446	25,000	25,875	26,781	27,718	28,688	29,692	30,731	31,807	32,920	34,072	35,265	36,499	37,777	39,099	40,467
Business License Tax	3.50%	9	500	518	536	554	574	594	615	636	658	681	705	730	756	782	809
Advertising/Marketing	3.50%	36	2,000	2,070	2,142	2,217	2,295	2,375	2,459	2,545	2,634	2,726	2,821	2,920	3,022	3,128	3,237
Repairs & Maint.	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Manager	3.50%	670	37,500	38,813	40,171	41,577	43,032	44,538	46,097	47,710	49,380	51,109	52,897	54,749	56,665	58,646	60,701
Asst. Maintenance	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apartment Allowance	3.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Burden	3.00%	221	12,375	12,746	13,129	13,522	13,928	14,346	14,776	15,220	15,676	16,147	16,631	17,130	17,644	18,173	18,718
Painting & Cleaning	3.00%	240	13,440	13,843	14,258	14,686	15,127	15,581	16,048	16,530	17,025	17,536	18,062	18,604	19,162	19,737	20,329
Repairs & Maint.	3.00%	240	13,440	13,843	14,258	14,686	15,127	15,581	16,048	16,530	17,025	17,536	18,062	18,604	19,162	19,737	20,329
Total Repairs & Maintenance		1,352	104,255	107,708	111,275	114,962	118,771	122,707	126,774	130,977	135,320	139,807	144,444	149,236	154,188	159,304	164,592
Contract Services																	
Elevator Service Contract	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Sprinkler/Alarm Service	3.50%	54	3,000	3,105	3,214	3,326	3,443	3,563	3,688	3,817	3,950	4,089	4,232	4,380	4,533	4,692	4,856
Trash	3.50%	180	10,080	10,433	10,798	11,176	11,567	11,972	12,391	12,825	13,273	13,738	14,219	14,716	15,232	15,765	16,318
Pest Control	3.50%	125	7,000	7,245	7,499	7,761	8,033	8,314	8,605	8,906	9,216	9,540	9,874	10,220	10,577	10,946	11,331
Landscape/Grounds Maintenan	3.50%	240	13,440	13,910	14,397	14,901	15,423	-	-	-	-	-	-	-	-	-	-
Security Monitor	3.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Contract Services	3.50%	599	33,520	34,693	35,907	37,164	38,465	23,849	24,683	25,547	26,442	27,367	28,325	29,316	30,342	31,404	32,502
	3.50%																
Utilities	3.50%																
Electric	3.50%	460	26,880	27,821	28,795	29,802	30,845	31,925	33,042	34,199	35,396	36,635	37,917	39,244	40,618	42,039	43,511
Water & Sewer	3.50%	660	36,960	38,254	39,592	40,978	42,412	43,897	45,423	47,023	48,669	50,373	52,136	53,980	55,849	57,804	59,827
Gas	3.50%	168	9,432	9,762	10,103	10,457	10,823	11,202	11,594	12,000	12,420	12,854	13,304	13,770	14,252	14,751	15,267
Total Utilities		1,368	73,272	75,836	78,490	81,236	84,081	87,024	90,070	93,222	96,486	99,862	103,357	106,974	110,718	114,594	118,604
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Fees	3.50%	528	29,568	30,603	31,674	32,782	33,930	35,118	36,347	37,619	38,935	40,298	41,709	43,168	44,679	46,243	47,862
Legal/Audit	3.50%	313	17,500	18,113	18,746	19,403	20,082	20,785	21,512	22,265	23,044	23,851	24,685	25,549	26,444	27,359	28,327
Real Estate Taxes	2.00%	18	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219	1,243	1,268	1,294	1,319
Insurance	3.50%	264	14,424	11,824	12,298	12,668	13,109	13,568	14,043	14,535	15,043	15,570	16,115	16,679	17,262	17,867	18,492
Replacement Reserves	3.50%	$ 500	$ 28,000	$ 28,980	$ 29,994	$ 31,044	$ 32,131	$ 33,255	$ 34,419	$ 35,624	$ 36,871	$ 38,161	$ 39,497	$ 40,879	$ 42,310	$ 43,791	$ 45,323
Operating Reserve	3.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bond Admin Costs	3.50%	134	7,500	7,763	8,034	8,315	8,606	8,908	9,219	9,542	9,876	10,222	10,579	10,950	11,333	11,730	12,140
Activity Fee	3.50%	$ 670	$ 37,500	$ 38,813	$ 40,171	$ 41,577	$ 43,032	$ 44,538	$ 46,097	$ 47,710	$ 49,380	$ 51,109	$ 52,897	$ 54,749	$ 56,665	$ 58,646	$ 60,701
Transit Passes	3.50%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Other		2,368	132,492	137,114	141,955	146,849	151,973	157,275	162,763	168,443	174,322	180,406	186,701	193,216	199,962	206,941	214,165
		$ -															
Total Expenses:		7,144	400,064	413,855	428,122	442,882	458,153	457,988	473,774	490,105	507,000	524,478	542,562	561,269	580,623	600,646	621,361
Net Operating Income:		7,158	400,843	407,075	413,331	419,607	425,899	448,164	455,032	461,922	468,827	475,744	482,667	489,590	496,508	503,413	510,299
Debt Service.																	
1st TD - Tranche A		940	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626	52,626
1st TD - Tranche B - Special Needs Subsidy		4,914	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186	275,186
1st TD - Tranche C - Non Special Needs Subsidy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCD Mandatory Debt Service		370	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747	20,747
Cash Flow After Debt Service		934	52,284	58,516	64,771	71,047	77,339	99,605	106,473	113,362	120,268	127,185	134,108	141,031	147,948	154,853	161,740
			1.15	1.17	1.19	1.20	1.22	1.29	1.31	1.33	1.35	1.36	1.38	1.40	1.42	1.44	1.46

DEBT SERVICE

PERMANENT LOAN - 1st Trust Deed

Max Allowable from project Cash Flow - 1st TD

Present Loan Value	$909,986	
Index Rate Rate	3.176%	
Spread Rate	1.82%	
Other Fees/Rate		
Cushion		
All-In Interest Rate	**5.00%**	
Term	40	
DCR	1.15	
Constant	**5.78%**	
Loan Origination Fee	$9,100	1%
Yearly Interest Payment	($52,626)	

Max Allowable @ 80% project value or from Cash Flow

Requested Loan Value	$909,986	$10,021,085
Interest Rate	5.00%	
Term	40	
DCR	1.15	

Max Allowable from project Cash Flow - Tranche B (Special Needs)

Present Loan Value	$4,758,387	
Index Rate Rate	3.18%	0
Spread Rate	1.82%	
Other Fees/Rate	0.00%	
Cushion		
All-In Interest Rate	**5.00%**	
Term	40	
DCR	1.15	
Constant	**5.78%**	
Loan Origination Fee	$47,584	1%
Yearly Interest Payment	($275,186)	

Max Allowable from project Cash Flow - Tranche C (Non-Special Needs)

Present Loan Value	**$0**	$5,668,373
Index Rate Rate	3.18%	0
Constant	**5.78%**	
Loan Origination Fee	$0	1%
Yearly Interest Payment	$0	

CONSTRUCTION LOAN

Amount	$	16,500,000
Index Rate Rate		2.282%
Spread Rate		1.82%
Other Fees/Rate		
Cushion		
All-In Interest Rate		**4.10%**
Term		26
Loan Origination Fee		0.75%
Estimated Interest (60% Draw Down)	$	879,879
Loan Origination Fee		123,750

ACQUISITION/PREDEV. LOAN (LIIF)

Percentage		100%
Amount	$	1,500,000
Interest Rate		6.00%
Term		18
Loan Origination Fee		1.00%
Total Interest Carry	$	135,000
Loan Origination Fee	$	15,000

ACQUISITION/PREDEV. LOAN (Seller Carry)

Percentage		0%
Amount	$	-
Interest Rate		0.00%
Term		0
Loan Origination Fee		0.00%
Total Interest Carry	$	-
Loan Origination Fee	$	-

CONST. DEBT

Construction Note Rate	**4.102%**				Total Units		56		
Construction Amount	**$ 16,500,000**								
		Loan Draw	**Loan Balance**	**Const Int.**	**Units Leased**	**Gross Units Leased**	**Gross Income**	**Avg Expenses**	**Net Income**
Close	7/31/2020	$3,000,000	$3,000,000						
1 Construction	8/20/2020	$750,000	$3,750,000	$10,255					
2 Construction	9/30/2020	$750,000	$4,500,000	$12,819					
3 Construction	10/31/2020	$750,000	$5,250,000	$15,383					
4 Construction	11/30/2020	$750,000	$6,000,000	$17,946					
5 Construction	12/31/2020	$750,000	$6,750,000	$20,510					
6 Construction	1/31/2021	$750,000	$7,500,000	$23,074					
7 Construction	2/28/2021	$750,000	$8,250,000	$25,638					
8 Construction	3/31/2021	$750,000	$9,000,000	$28,201					
9 Construction	4/30/2021	$750,000	$9,750,000	$30,765					
10 Construction	5/31/2021	$750,000	$10,500,000	$33,329					
11 Construction	6/30/2021	$750,000	$11,250,000	$35,893					
12 Construction	7/31/2021	$750,000	$12,000,000	$38,456					
13 Construction	8/31/2021	$750,000	$12,750,000	$41,020					
14 Construction	9/30/2021	$750,000	$13,500,000	$43,584					
15 Construction	10/31/2021	$750,000	$14,250,000	$46,148					
16 Construction	11/30/2021	$750,000	$15,000,000	$48,711		0	$0	$0	$0
17 Construction	12/31/2021	$750,000	$15,750,000	$51,275		0	$0	$0	$0
18 Construction	1/31/2022	$750,000	$16,500,000	$53,839		0	$0	$0	$0
19 Lease-up	2/28/2022		$16,500,000	$56,403	20	20	$23,837	$11,907	$11,930
20 Lease-up	3/31/2022		$16,500,000	$56,403	20	40	$47,673	$23,813	$23,860
21 Lease-up	4/30/2022		$16,500,000	$56,403	15	55	$65,550	$32,743	$32,807
22 Lease-up	5/31/2022		$16,500,000	$56,403		55	$65,550	$32,743	$32,807
23 Stabilization	6/30/2022		$16,500,000	$56,403		55	$65,550	$32,743	$32,807
24 Stabilization	7/31/2022		$16,500,000	$56,403		55	$65,550	$32,743	$32,807
25 Stabilization	8/31/2022		$16,500,000	$56,403		55	$65,550	$32,743	$32,807
26 Stabilization	9/30/2022		$16,500,000	$56,403		55	$65,550	$32,743	$32,807
27 Conversion	10/31/2022		$16,500,000	$0					
TOTAL		**$16,500,000**		**$1,028,064**	55				$232,632

Estimated Pre Const Interest	$576,844
Estimated Post Const Interest	$451,220
	$1,028,064

SOURCES & USES

CONSTRUCTION

Land	$	-	-
Acquisition Costs	$	165,000	2,946
Architecture/Engineering	$	1,164,466	20,794
Impact Fees/Permits	$	800,000	14,286
Const. Loan Interest	$	1,028,064	18,358
Other Soft Costs	$	3,420,453	61,080
Offsites	$	410,000	7,321
Hard Costs	$	21,339,629	381,065
Def. Reserves	$	120,479	2,151
Dev. Fee	$	3,500,000	62,500
TOTAL USES	**$**	**31,948,091**	

CONSTRUCTION		
1st Construction Loan	$	16,500,000
AHP	$	560,000
AHSC - AHD	$	4,939,819
AHSC - HRI	$	1,503,900
HHH	$	2,072,000
Tax Credit Equity - Fed	$	1,230,890
No Place Like Home	$	3,198,641
Deferred Dev. Fee	$	1,942,841
TOTAL SOURCES	**$**	**31,948,091**

570,502

PERMANENT

Land	$	-	-
Acquisition Costs	$	165,000	2,946
Architecture/Engineering	$	1,164,466	20,794
Impact Fees/Permits	$	800,000	14,286
Const. Loan Interest	$	1,028,064	18,358
Other Soft Costs	$	3,420,453	61,080
Offsites	$	410,000	7,321
Hard Costs	$	21,339,629	381,065
Def. Reserves	$	120,479	2,151
Dev. Fee	$	3,500,000	62,500
TOTAL USES	**$**	**31,948,091**	

PERMANENT		
Perm Loan (Combined Tranche A	$	5,668,373
AHP	$	560,000
AHSC - AHD	$	4,939,819
AHSC - HRI	$	1,503,900
HHH	$	2,072,000
Tax Credit Equity - Fed	$	12,308,900
No Place Like Home	$	3,198,641
Deferred Dev. Fee	$	1,696,458
TOTAL SOURCES	**$**	**31,948,091**

570,502

WASHINGTON ARTS COLLECTIVE -SITE 1

33 AFFORDABLE APARTMENTS - MIXED-USE DEVELOPMENT

4601-4615 W. WASHINGTON BLVD. LOS ANGELES, CA 90033



OWNER

NAME: META HOUSING CORPORATION
CONTACT: SCOTT HAGAN
ADDRESS: 1128 WEST OLYMPIC BLVD., SUITE 450 LOS ANGELES, CA 90064
PHONE: 323.477.1160
FAX:
E-MAIL: SHAGAN@METAHOUSING.COM
WEB SITE: WWW.METAHOUSING.COM

ENTITLEMENT CONSULTANT

NAME: ROSENHEIM & ASSOCIATES, INC.
CONTACT: CHRISTOPHER MURRAY
ERIKA IVERSON
ADDRESS: 29950 ORNARD STREET, SUITE 650 WOODLAND HILLS, CA 91367
PHONE: 818-716-2787
FAX:
E-MAIL: CHRIS@RAAINC.COM
ERIKA@RAAINC.COM
WEB SITE: WWW.RAAINC.COM

ARCHITECT

NAME: YM ARCHITECTS
CONTACT: KEVIN MAFFEI, AIA
RYAN YANGIRA, AIA
ADDRESS: 724 S. SPRING ST #304 LOS ANGELES, CA 90014
PHONE: (213) 625-2727
FAX: (213) 625-2728
E-MAIL: KMAFFEI@YMARCH.COM
RYANGIRA@YMARCH.COM
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LANDSCAPE ARCHITECT

NAME: SUPERLANDSCAPE
CONTACT: CHRISTOPHER ROBLES
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PHONE: (323) 342-3950
FAX:
E-MAIL: CHRIS@SUPERLANDSCAPE.COM
WEB SITE: WWW.SUPERLANDSCAPE.COM

VICINITY MAP



SHEET INDEX

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A-04	1ST FLOOR
A-05	GROUND LEVEL FLOOR PLAN
A-06	THIRD LEVEL FLOOR PLAN
A-07	FOURTH LEVEL FLOOR PLAN
A-08	ROOF PLAN
A-09	EXTERIOR ELEVATIONS
A-10	BUILDING SECTIONS
L1.1	LANDSCAPE PLAN
L2.1	LANDSCAPE PLAN



Figure 2: West Adams CPIO Map



PROJECT SUMMARY (SITE #1):

PROJECT SITE:
4601-4615 W. WASHINGTON BLVD.
APNS:
5071-025-904, 902, 903

PROJECT DESCRIPTION:
BUILDING #1 - 4 STORY - MIXED USE
2 + 3 STORY TYPE-V RESIDENTIAL APARTMENTS OVER 1 STORY ARTIST STUDIOS, LOBBY AND 2 STORY SUBTERRANEAN GARAGE.

EXISTING ZONING:
CS-1VL-CPIO
TOC TIER 2

SETBACK REQUIREMENTS:
COMMERCIAL:
FRONT = 0'
SIDE = 0'
REAR = 0'

RESIDENTIAL (R-3):
FRONT = 0'
CORNER LOT STREET FRONTAGE = 0' (MIXED USE)
SIDE = 5' + 1' FOR EVERY STORY ABOVE 2ND
REAR = 15' + 1' FOR EVERY STORY ABOVE 3RD

BUILDING HEIGHT ALLOWED:
CS-1VL = 45' - 0" (3 STORY)
PER TOC - ADD 1 STORY + 11'-0"

BUILDING HEIGHT PROVIDED:
SITE # 1 = 45'-0"
TRANSITIONAL HEIGHT PER CPIO

SITE AREA :
SITE #1 = 24,357 SF SF OR 0.56 ACRES

DENSITY:
R3 (CPIO)- 800 SF / UNIT
24,357 SF / 800 = 30.4 UNITS ALLOWED (31 UNITS)
80% TOC DENSITY BONUS = 50 UNITS ALLOWED

FAR SITE #1 :
(2.175:1 ALLOWED - 45% INCREASE PER TOC)
BUILDING AREA :

B2 BASEMENT GARAGE:	= 19,070 SF
B1 BASEMENT GARAGE:	= 19,070 SF
1ST FLOOR:	= 20,000 SF
GARAGE	= 13,690 SF
ART STUDIOS	= 3,175 SF
LOBBY/OFFICE	= 2,855 SF
2ND FLOOR:	= 16,335 SF
3RD FLOOR:	= 16,335 SF
4TH FLOOR:	= 12,790 SF
TOTAL BUILDING AREA	= 103,630 SF
EXCLUDING GARAGE	= 51,630 SF

FAR PROVIDED -
51,630 SF / 24,357 SF
2.12 : 1
REQUESTING 2.175:1

UNIT SUMMARY SITE # 1 :
7 - 1 BR UNITS @ 500 SF
11 - 2 BR UNITS @ 760 SF
15 - 3 BR UNITS @ 1,055 SF
33 UNITS TOTAL

OPEN SPACE REQUIREMENTS:

7 -	1 BR UNITS @ 100 SF	= 700 SF
11 -	2 BR UNITS @ 125 SF	= 1,375 SF
15 -	3 BR UNITS @ 175 SF	= 2,625 SF
33 UNITS		= 4,700 SF

TOTAL OPEN AREA PROVIDED:

SITE #1

COURTYARD	= 2,500 SF
OUTDOOR DECK	= 750 SF
REAR YARD	= 2,400 SF
COMMUNITY AREA (25% REQ.)	= 3,175 SF
TOTAL	= 8,825 SF

PARKING REQUIRED PER TIER 2 TOC
RESIDENTIAL:
0 SPACES / AFFORDABLE UNIT = 0 SPACES

COMMERCIAL:
2 SPACES / 1,000 SF ART STUDIO (NO RETAIL)
3,175 SF = 6 SPACES

TOTAL PARKING REQUIRED = 6 SPACES

PARKING PROVIDED:

SITE # 1

STANDARD	= 45 SPACES
ACCESSIBLE	= 7 SPACES
COMPACT	= 20 SPACES
TOTAL	= 72 SPACES

BICYCLE PARKING REQUIRED:
RESIDENTIAL:
LT: 1 SPACE / 1.5 UNIT = 22 SPACES
ST: 1 SPACE / 15 UNITS = 2 SPACES

COMMERCIAL: (3,420 SF)
LT: 1/10,000 SF = MIN. 2 SPACES
ST: 1/10,000 SF = MIN. 2 SPACES

TOTAL PARKING REQUIRED = 26 SPACES

PARKING PROVIDED:

LT:	= 26 SPACES
ST:	= 4 SPACES
TOTAL:	= 28 SPACES

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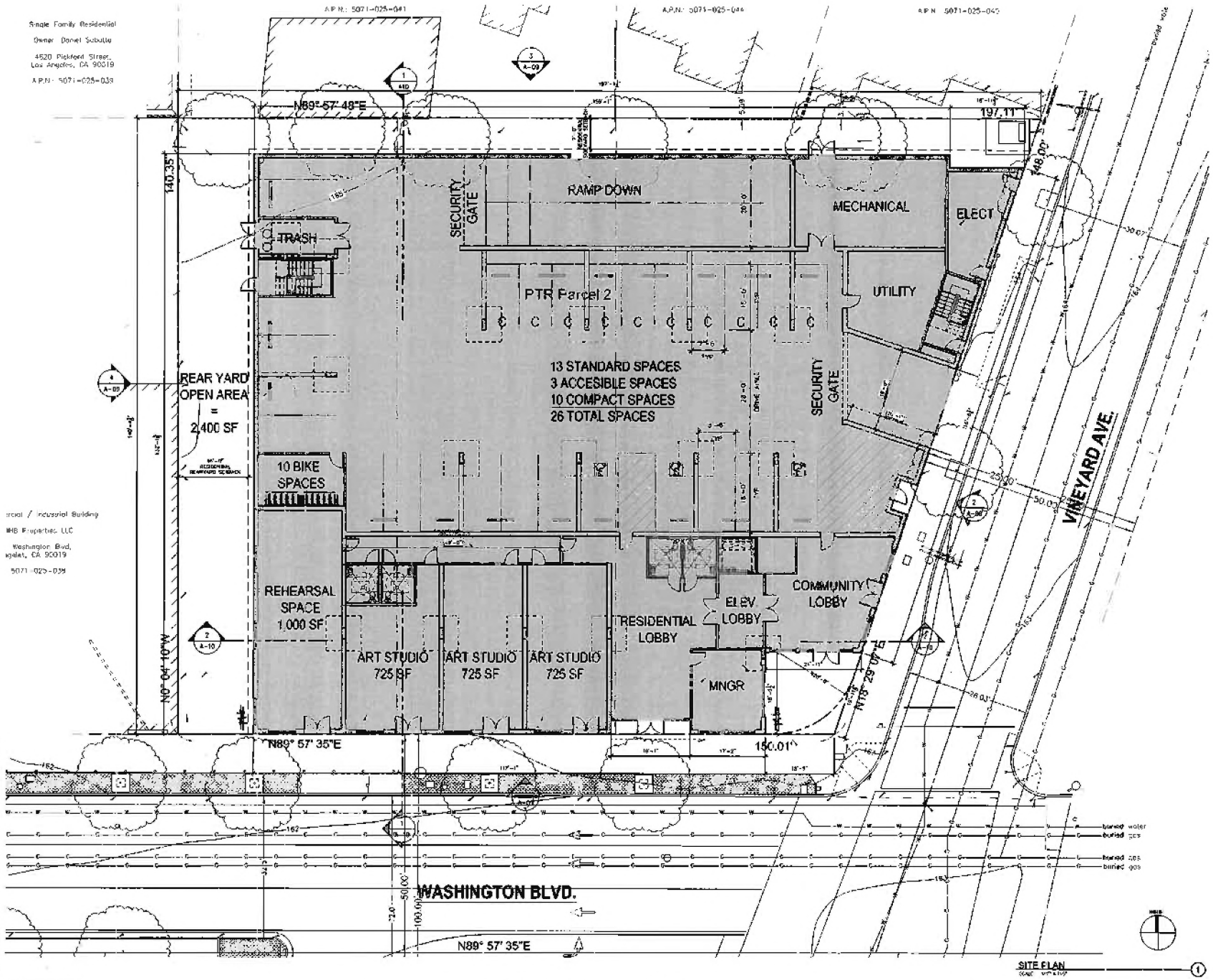

Y&M Architects

WASHINGTON ARTS COLLECTIVE - SITE 1

Project: 4691 - 4695 W. WASHINGTON BLVD.
LOS ANGELES, CA 90053

META HOUSING CORPORATION

Developer

07.30.18 A-02

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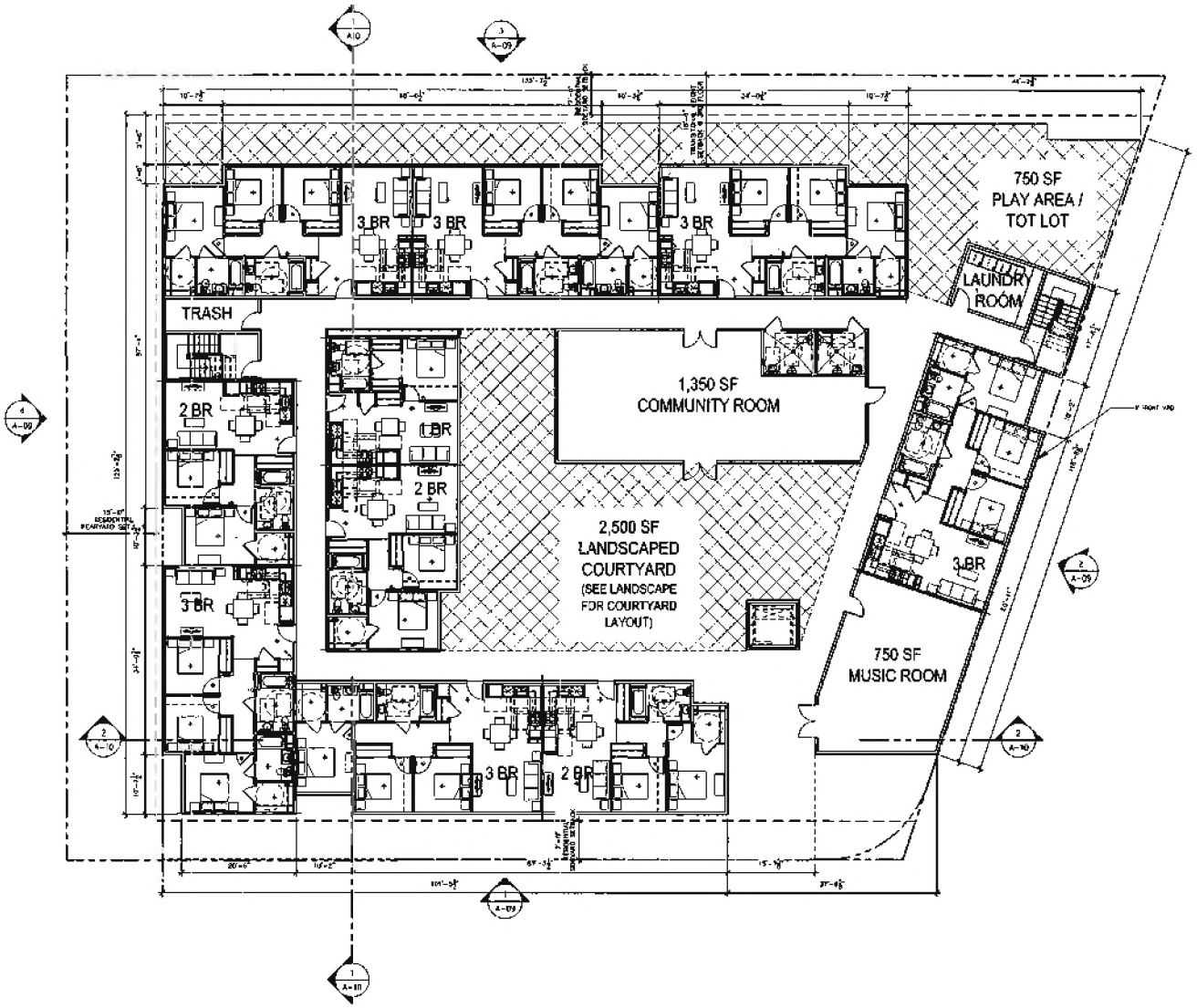

SECOND
FLOOR PLAN
SCALE 1/8" = 1'-0"

Y&M Architects

Y&M Architects
3816 Main Street, Culver City, CA 90232
Tel: 310 558 9616 Fax: 310 558 9678
www.yamarch.com

WASHINGTON ARTS COLLECTIVE - SITE 1

Project: 4581 - 4615 W. WASHINGTON BLVD.
LOS ANGELES, CA 90019

META HOUSING CORPORATION

Developer: 3111 WEST OLYMPIC BLVD SUITE 420
LOS ANGELES, CA 90064

07.30.18

Date

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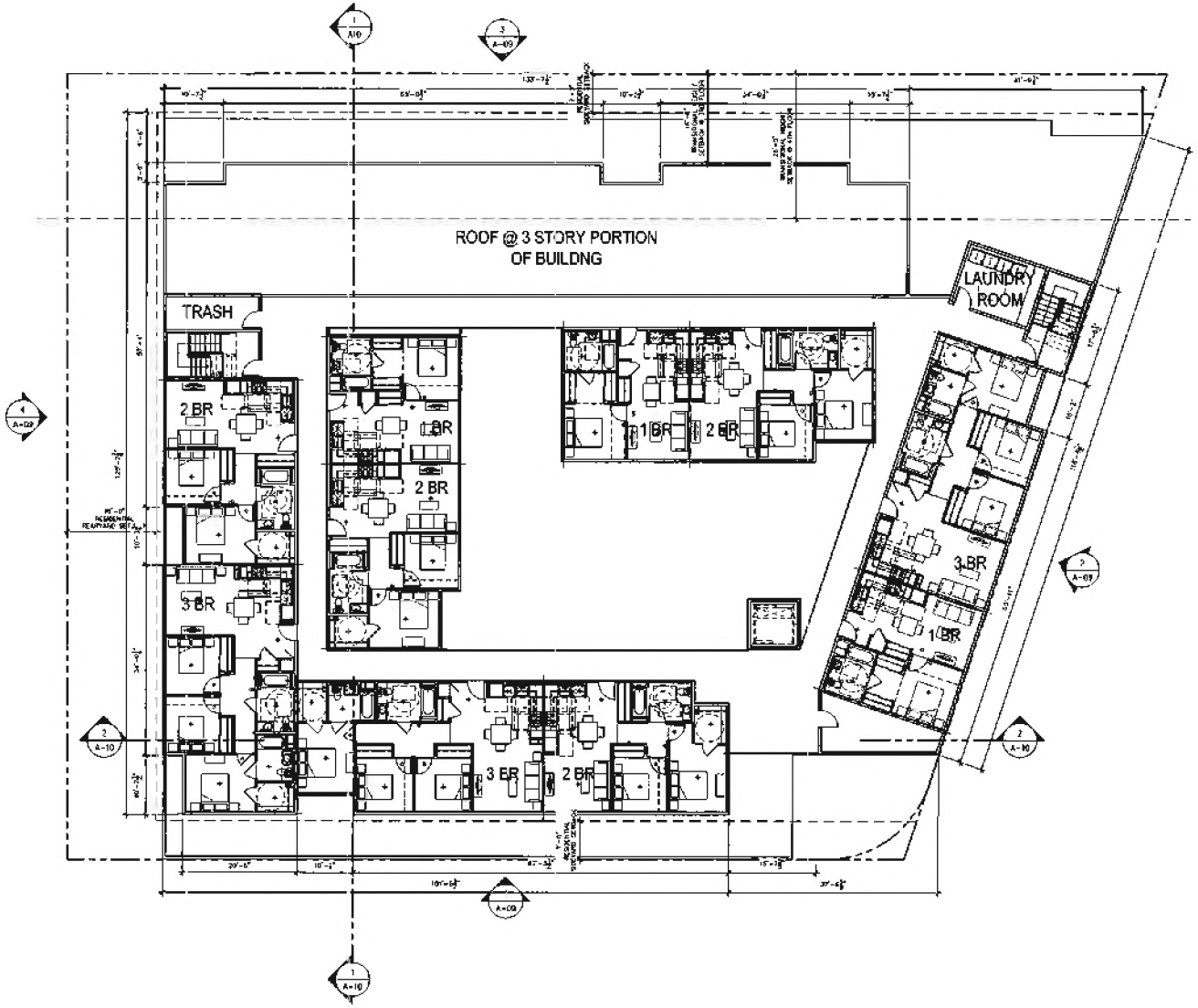

FOURTH
FLOOR PLAN

Y&M Architects
Y&M Architects
3516 Main Street, Culver City, CA 90232
Tel. 310 558 8696 Fax. 310 558 8676
www.ymarch.com

WASHINGTON ARTS COLLECTIVE - SITE 1

Project 4801 - 4815 W. WASHINGTON BLVD.
LOS ANGELES, CA 90033

META HOUSING CORPORATION

Developer

07.30.18 A-07

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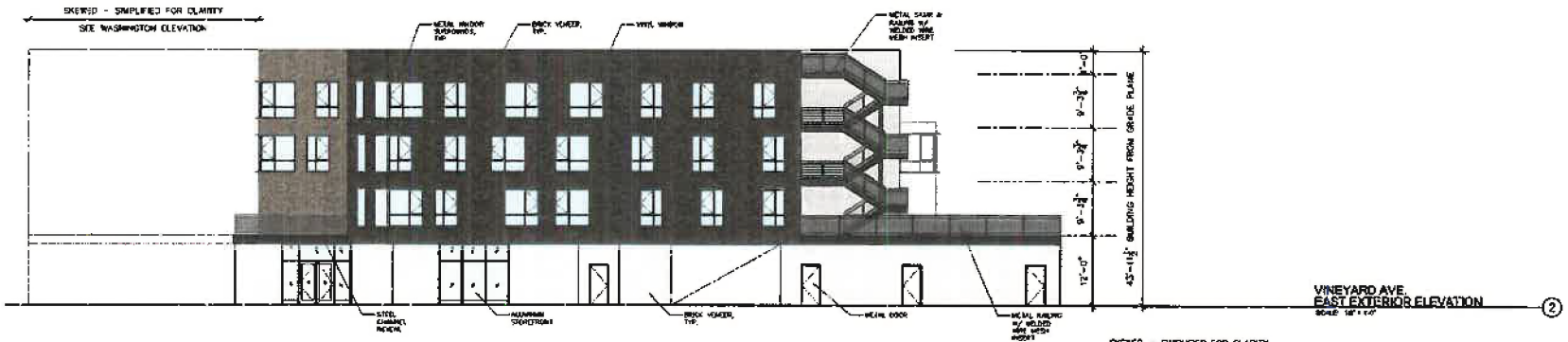




Y&M Architects

WASHINGTON ARTS COLLECTIVE – SITE 1 META HOUSING CORPORATION 07.30.18 A–09

PROJECT INFO:

-TOTAL PLANTING AT LEVEL 1: 372 SF

-TOTAL PLANTING IN PROJECT: 2,830 SF (25% OF OPEN SPACE)

-TOTAL OPEN SPACE IN PROJECT: 9,000 SF, 2,400 SF OF OPEN SPACE REQ. TO BE PLANTED (25% OF OPEN SPACE)

-TOTAL AMOUNT OF TREES IN PROJECT: 24 TREES PROVIDED (14 TREES REQUIRED, 1 TREE PER 4 UNIT 5)

-THE MINIMUM ACCEPTABLE SIZE FOR STREET TREES AND ON-SITE TREES SHALL BE A 24" BOX. NEWLY PLANTED TREES SHALL BE SUPPORTED WITH STAKES OR GUY WIRES.

-SHRUBS SHALL BE A MINIMUM SIZE OF 5 GALLONS. WHEN PLANTED AS A HEDGE OR SCREEN, SHRUBS SHALL BE PLANTED WITH 2 TO 4' OF SPACING, DEPENDING ON THE PLANT SPECIES.

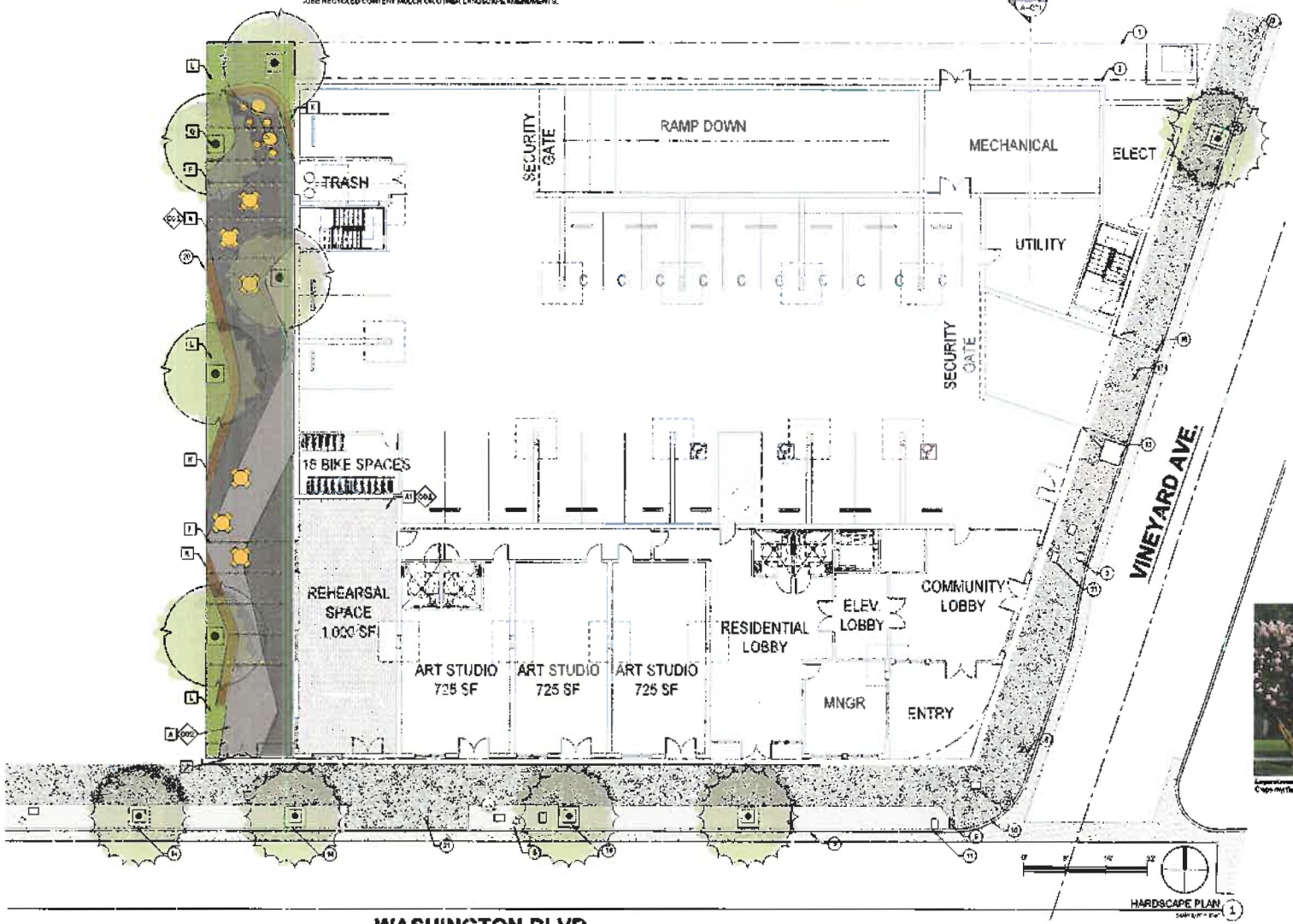
-GROUND COVER SHALL BE GENERALLY SPACED AT A MAXIMUM SIZE OF 6" TO 8" O.C. WHEN USED AS GROUND COVER, MINIMUM 1 GALLON SIZED SHRUBS MAY BE PLANTED 18" TO 24" O.C.

-USE RECYCLED CONTENT MULCH OR OTHER LANDSCAPE AMENDMENTS.

HARDSCAPE MATERIALS



Precast Concrete Pavers | Cast In Place Concrete Light Gray | Cast In Place Concrete Dark Gray



KEYNOTES

1. PROPERTY LINE
2. BUILDING SETBACK
3. (1) 4 GRID POLE
4. (2) STREETLIGHT POLE
5. (3) LIGHT POST
6. (4) ROOFTOP SIGNAL LIGHT
7. (5) TRAFFIC SIGNAL BOX
8. (6) FLAGGED TO REMAIN
9. (7) CURB AND GUTTER
10. (8) CURB CUT
11. (9) ELECTRICAL EQUIPMENT
12. (10) TREE TO REMAIN
13. (11) TREE TO DEMO
14. (12) TREE WELL WITH TREE GUARD
15. DRIVEWAY - SEE CIVIL DRAWINGS
16. MAIN UTILITY - SEE CIVIL DRAWINGS
17. (14) DRIVEWAY - SEE CIVIL DRAWINGS
18. (15) CURB CUT - SEE CIVIL DRAWINGS
19. SITE LIGHTING - SEE ELECTRICAL
20. ART MURAL
21. STREET SIGN
22. FIRE HYDRANT

A. CIP CONCRETE PANEL
B. CERAMIC TILES
C. PLAY SURFACE
D. BLASTOMERIC FINISH
E. CUSTOM METAL PLANTER
F. OVERHEAD STRONG LIGHTS
G. CIP CONC PLANTER WALL
H. FIBERGLASS PLANTERS
I. (6) TREE
J. DECORATIVE METAL GATE
K. CUSTOM WOOD SEATING
L. (8) PLANTING AREA ON GRADE
M. MOCK ENTRY
N. EXPERIENCE PANELS
O. LOOSE POTS

STREET LEVEL PLANTING PALETTE



Laparotrocarpa Indica Crape myrtle | Ruby Grass | Lagunus condensatus Canyon Prince Wild Rye | Carex Shalata Berkeley Sedge

WASHINGTON BLVD.

Y&M Architects
superjacent

YM Architects
3816 Main Street, Culver City, CA 90232
Tel. 310 558 8818 Fax. 310 558 8676
www.ymarch.com

WASHINGTON ARTS COLLECTIVE

Project: 4901 - 4115 W. WASHINGTON ST. LOS ANGELES, CA

META HOUSING CORPORATION

Developer: 1510 WEST 6TH STREET, SUITE 500 LOS ANGELES, CA 90024

07.30.18 L2.11

Date | Page

WASHINGTON ARTS COLLECTIVE -SITE 2

23 AFFORDABLE APARTMENTS - MIXED-USE DEVELOPMENT

4600-4614 W. WASHINGTON BLVD. LOS ANGELES, CA 90033



PROJECT RENDERING - VIEW CORNER OF WASHINGTON & VINEYARD

OWNER

NAME: META HOUSING CORPORATION
CONTACT: SCOTT NAKAHARA
ADDRESS: 11150 WEST OLYMPIC BLVD., SUITE 620 LOS ANGELES, CA 90064
PHONE: 323.477.1160
FAX:
E-MAIL: SNAKAHARA@METAHOUSING.COM
WEB SITE: WWW.METAHOUSING.COM

ENTITLEMENT CONSULTANT

NAME: ROSENHEIM & ASSOCIATES, INC.
CONTACT: CHRISTOPHER MURPHY
ERIKA IVERSON
ADDRESS: 24000 CRAWFORD STREET, SUITE 330 WOODLAND HILLS, CA 91367
PHONE: 818-795-3787
FAX:
E-MAIL: CHRIS@RAAINC.COM
ERIKA@RAAINC.COM
WEB SITE: WWW.RAA-INC.COM

ARCHITECT

NAME: YM ARCHITECTS
CONTACT: KEVIN MAPPING, AIA
RYAN YANGTA, AIA
ADDRESS: 724 S. SPRING ST.#354
LOS ANGELES, CA 90014
PHONE: (213) 623-2180
FAX: (213) 623-2188
E-MAIL: KMATTRES@YMARCH.COM
RYANA@LA@YMARCH.COM
WEB SITE: WWW.YMARCH.COM

LANDSCAPE ARCHITECT

NAME: SUPERLANDSCAPE
CONTACT: CHRISTOPHER TORRES
ADDRESS: 1633 N SPRING ST #26
LOS ANGELES, CA 90012
PHONE: (323) 362-3880
FAX
E-MAIL: CHRIS@SUPERLANDSCAPE.COM
WEB SITE: WWW.SUPERLANDSCAPE.COM

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A-07	EXTERIOR ELEVATIONS
A-08	BUILDING SECTIONS
L-00	LANDSCAPE PLAN
L-01	LANDSCAPE PLAN

VICINITY MAP



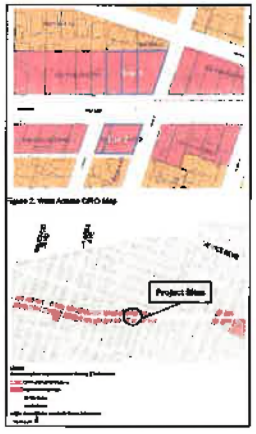

Figure 2: West Adams CPIO Map

Project Sites

PROJECT SUMMARY (SITE #2):

PROJECT SITE:
4600-4614 W. WASHINGTON BLVD.
APN: 5061-014-900

PROJECT DESCRIPTION:
BUILDING #2: 4 STORY +MIXED USE
3 STORY TYPE-V RESIDENTIAL APARTMENTS
OVER 1 STORY GALLERY, LOBBY, OFFICE,
AND PARKING GARAGE.

EXISTING ZONING:
CS-ML-O-CPIO
TOC TIER 2
ENTERPRISE ZONE

SETBACK REQUIREMENTS:
COMMERCIAL:
FRONT = 0'
SIDE = 0'
REAR = 0'

RESIDENTIAL (R-3):
FRONT = 0'
CORNER LOT STREET FRONTAGE = 0' (MIXED USE)
SIDE = 5' + 1' FOR EVERY STORY ABOVE 2ND
REAR = 10' + 1' FOR EVERY STORY ABOVE 3RD

BUILDING HEIGHT ALLOWED:
CD-ML = 35'-0" (3 STORY)
PER TOC = ADD 1 STORY = 11'-0"

BUILDING HEIGHT PROVIDED:
SITE # 2 = 45'-0"
*TRANSITIONAL HEIGHT PER CPIO

SITE AREA:
SITE #2 = 11,700 SF OR 0.27 ACRES
= 12,545 SF (INCLUDING 1/2 ALLEY TO C.L.)
AFTER DEDICATIONS:
= 10,845 SF OR .25 ACRES

DENSITY:
R3 (CPIO) 800 SF / UNIT
12,545 SF / 800 = 15.7 UNITS ALLOWED (16 UNITS)
50% TOC DENSITY BONUS = 26 UNITS ALLOWED

FAR SITE #2:
(3.125:1 ALLOWED - 45% INCREASE PER TOC)
BUILDING AREA:

1ST FLOOR:	=9,500 SF
GARAGE	= 7,465 SF
ART GALLERY	= 1,800 SF
LOBBY/OFFICE	= 1,805 SF
2ND FLOOR:	= 7,140 SF
3RD FLOOR:	= 7,140 SF
4TH FLOOR:	= 7,140 SF
TOTAL BUILDING AREA EXCLUDING GARAGE	= 23,455 SF

FAR PROVIDED =
23,455 SF/10,845 SF
2.16: 1
REQUESTING 2.125:1

UNIT SUMMARY SITE # 1 :
23 - 1 BR UNITS @ 580 SF
23 UNITS TOTAL

OPEN SPACE REQUIREMENTS:
23 - 1 BR UNITS @ 100 SF = 2,300 SF
23 UNITS = 2,300 SF

TOTAL OPEN AREA PROVIDED:

SITE #1

OUTDOOR DECK	= 2,080 SF
COMM. AREA (25% REQ. MAX)	= 400 SF
TOTAL	= 2,580 SF

PARKING REQUIRED: PER TIER 2 TOC
RESIDENTIAL:
0 SPACE / 7 AFFORDABLE UNIT = 0 SPACES

COMMERCIAL
ENTERPRISE ZONE
2 SPACES / 1,000 SF = ART GALLERY
1,000 SF = 2 SPACES

TOTAL PARKING REQUIRED = 2 SPACES

PARKING PROVIDED:

SITE # 2

STANDARD	= 9 SPACES
ACCESSIBLE	= 1 SPACES
COMPACT	= 8 SPACES
TOTAL	=18 SPACES

BICYCLE PARKING REQUIRED:
RESIDENTIAL:
LT: 1 SPACE / 1.5 UNIT = 15 SPACES
ST: 1 SPACE/ 15 UNITS = 2 SPACES

COMMERCIAL: (1,800 SF)
LT: 1/10,000 SF = MIN. 2 SPACES
ST: 1/10,000 SF = MIN. 2 SPACES

TOTAL PARKING REQUIRED = 21 SPACES

PARKING PROVIDED:

LT	= 17 SPACES
ST:	= 4 SPACES
TOTAL:	= 21 SPACES

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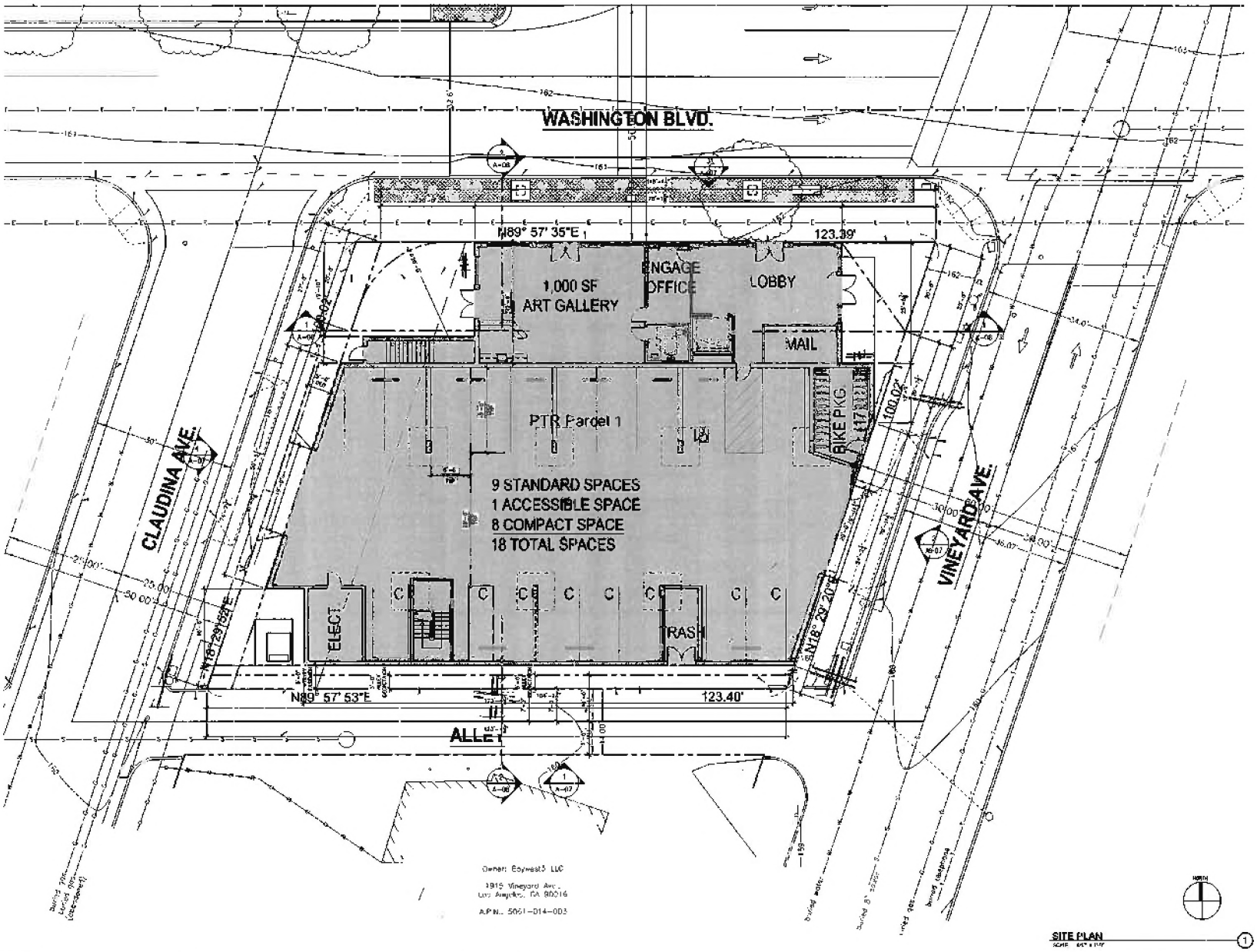

SITE PLAN

Y&M Architects

Y&M Architects
3615 Main Street, Culver City, CA 90232
Tel 310 888 8895 Fax 310 838 6676
www.ymarchitects.com

WASHINGTON ARTS COLLECTIVE - SITE 2

Project 4500 - 4614 W. WASHINGTON BLVD.
LOS ANGELES, CA 90033

META HOUSING CORPORATION

Developer

07.30.18

Date

A-02

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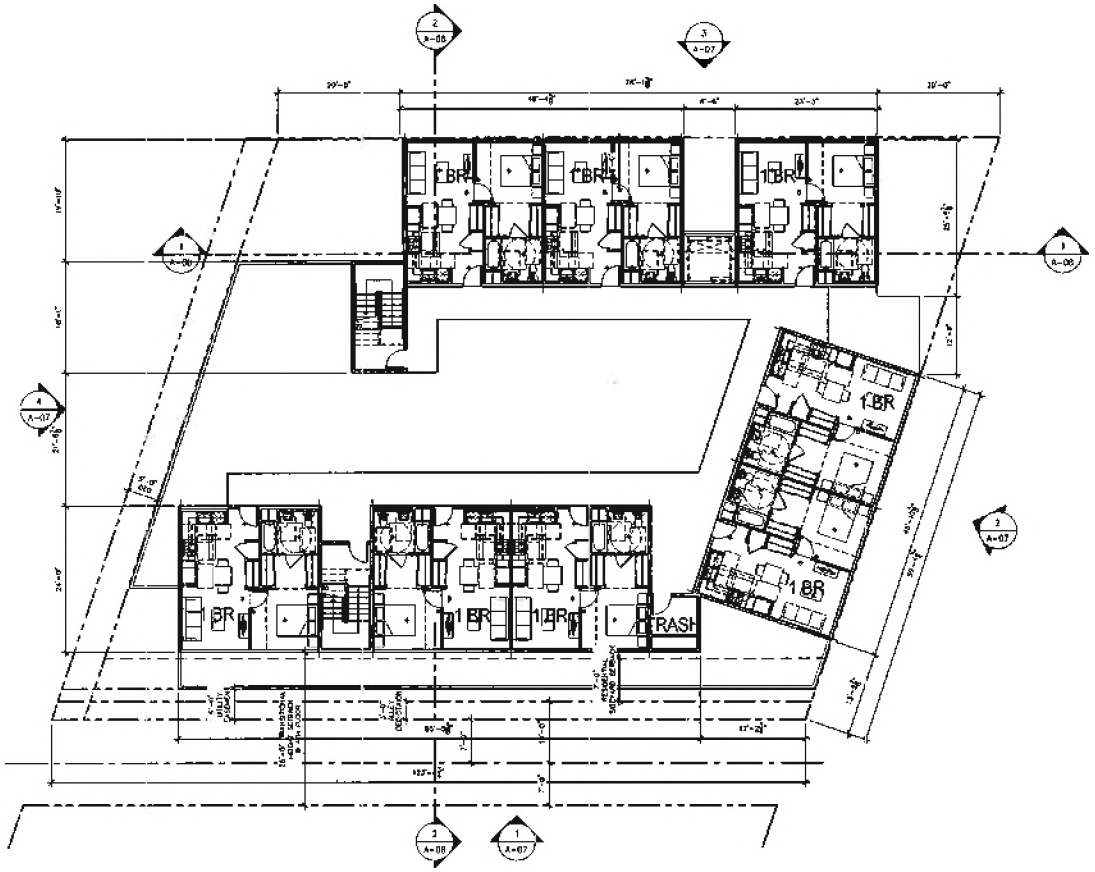

THIRD FLOOR PLAN
SCALE 1/8" = 1'-0"

Y&M Architects

Y&M Architects
3816 Main Street, Culver City, CA 90232
Tel 310 558 8516 Fax 310 558 8676
www.ymarch.com

WASHINGTON ARTS COLLECTIVE - SITE 2

Project 4020 - 4044 W. WASHINGTON BLVD.
LOS ANGELES, CA 90063

META HOUSING CORPORATION

Developer 3110 WEST OLYMPIC BLVD SUITE 470
LOS ANGELES, CA 90064

07.30.18 A-04

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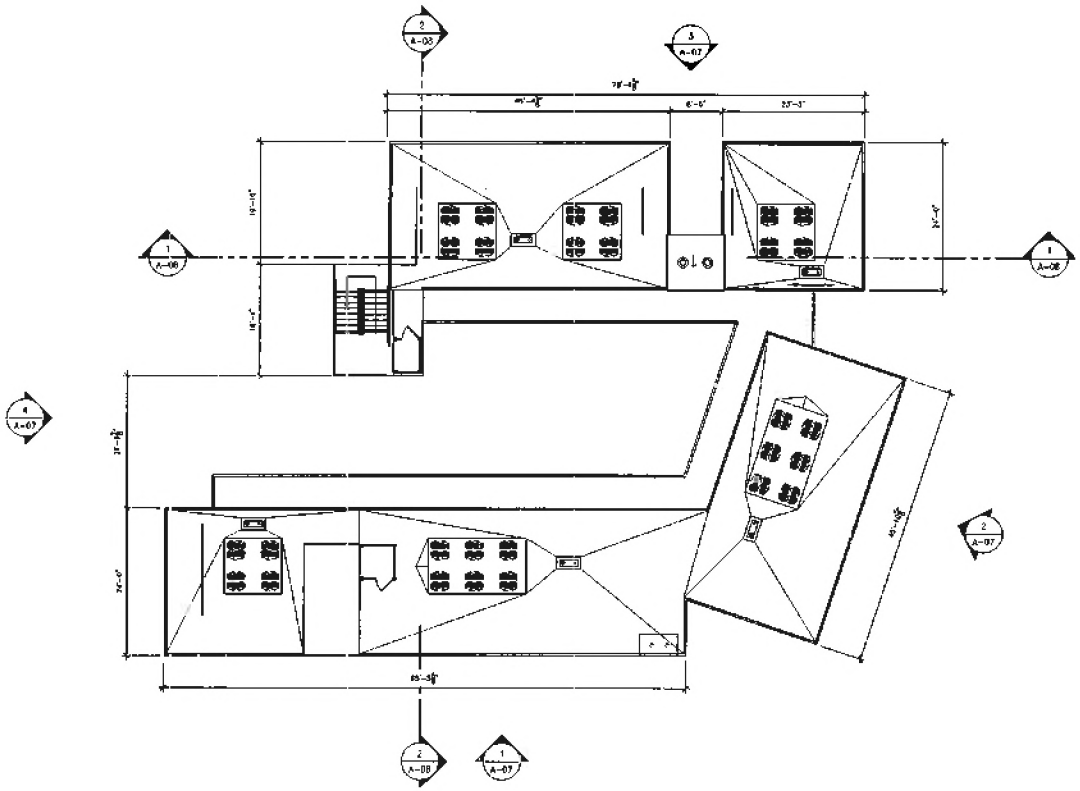



ROOF PLAN

1

Y&M Architects

YM Architects
3876 Main Street, Culver City, CA 90232
Tel 310 558 8616 Fax 310 558 8678
www.ymarchy.com

WASHINGTON ARTS COLLECTIVE - SITE 2

Project 4600 - 4614 W. WASHINGTON BLVD.
LOS ANGELES, CA 90032

META HOUSING CORPORATION

Developer 11150 WEST Olympic Blvd Suite 600
LOS ANGELES, CA 90064

07.30.18

Date

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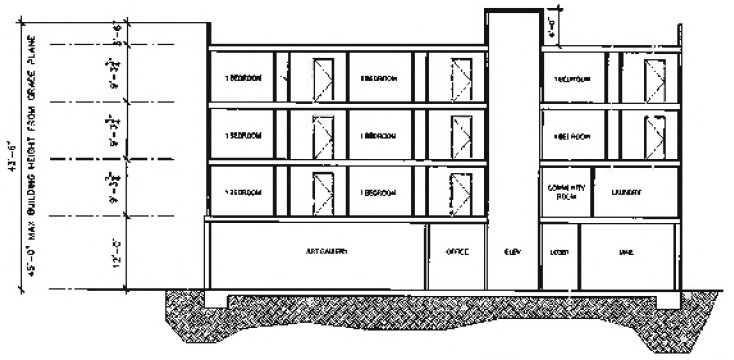

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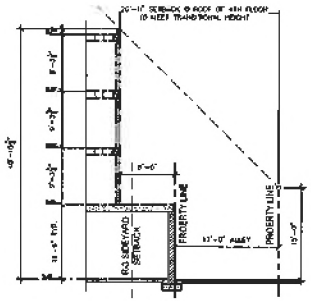

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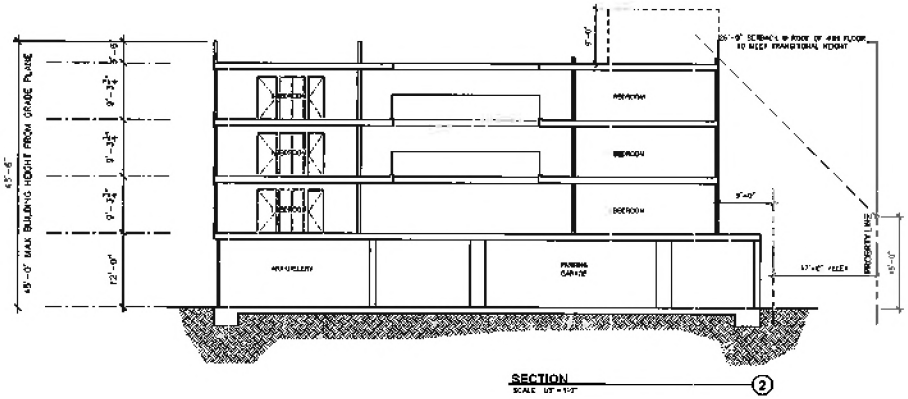

SECTION ②

Y&M Architects
Y&M Architects
3685 Main Street, Culver City, CA 90232
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www.ymarch.com

WASHINGTON ARTS COLLECTIVE - SITE 2

Project 4600 - 4614 W. WASHINGTON BLVD.
LOS ANGELES , CA 90053

META HOUSING CORPORATION

Developer

07.30.18 Date

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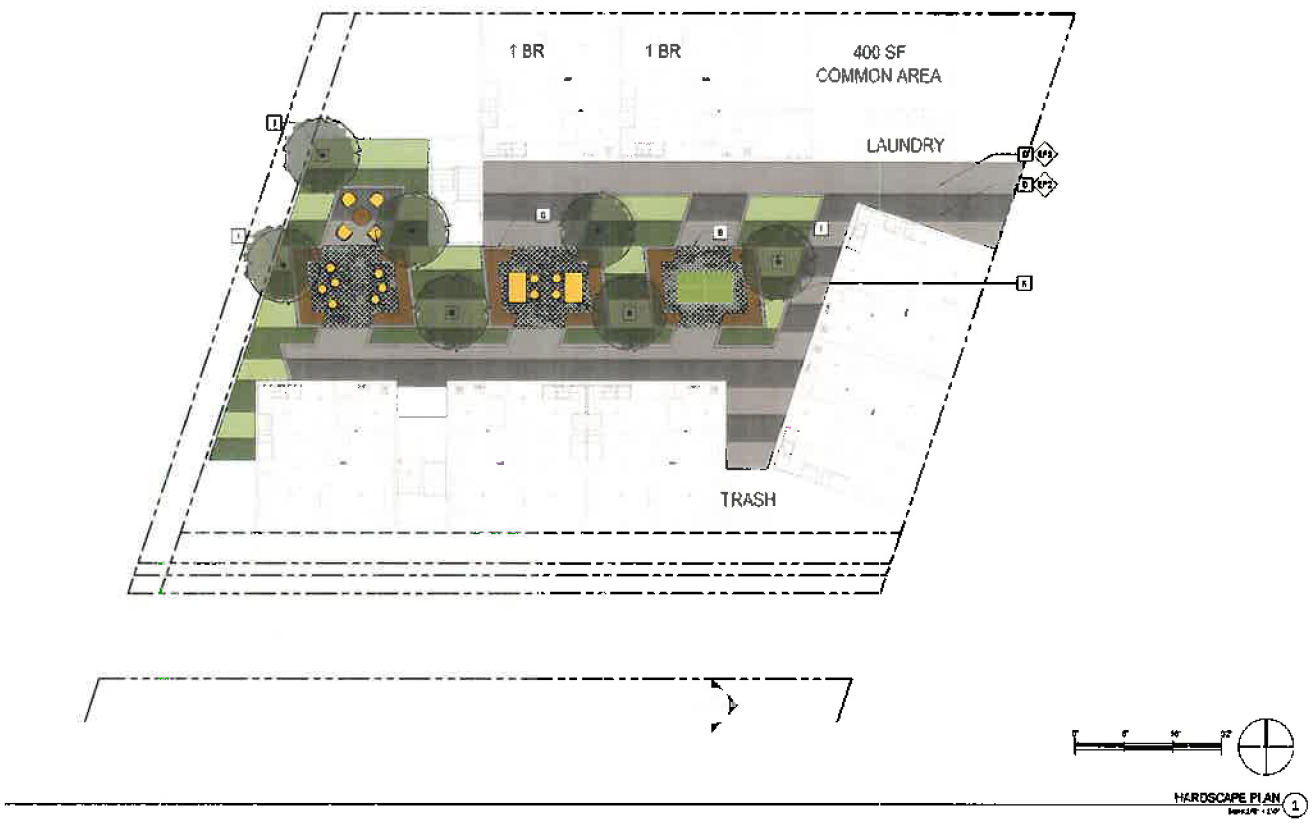


KEYNOTES

1. PROPERTY LINE
2. BUILDING SETBACK
3. (E) POWER POLE
4. (E) TELEPHONE POLE
5. (E) LIGHT POST
6. (E) TRAFFIC SIGNAL LIGHT
7. (E) TRAFFIC SIGNAL BOX
8. (E) PAVING TO RESCUE
9. (E) CURB AND GUTTER
10. (E) CURB CUT
11. (E) ELECTRICAL EQUIPMENT
12. (E) TREE TO REMAIN
13. (E) TREE TO DEMO
14. (E) TREE WELL WITH TREE GRATE
15. DRIVEWAY - SEE CIVIL DRAWINGS
16. MISC. UTILITY - SEE CIVIL DRAWINGS
17. (N) DRIVEWAY - SEE CIVIL DRAWINGS
18. (N) CURB CUT - SEE CIVIL DRAWINGS
19. TREE LIGHTING - SEE ELECTRICAL
20. ART MURAL
21. STREET SIGN
22. FIRE HYDRANT

A. CIP CONCRETE PAVING
B. CERAMIC TILES
C. PLAY SURFACE
D. CLASSROOMS FINISH
E. CUSTOM METAL PLANTER
F. OVER-SEED STRIPE LIGHTS
G. CIP CONC PLANTER WALL
H. FIBERGLASS PLANTERS
I. IRR TRIBE
J. DECORATIVE METAL GATE
K. CUSTOM WOOD SEATING
L. IN PLANTING / TREE ON GRADE
M. MODULE STRIP
N. EXPOSURE PANELS
O. LOOSE POTS

Y&M Architects
superjacent

WASHINGTON ARTS COLLECTIVE

Project: 4001 - 4015 W. WASHINGTON ST.
LOS ANGELES, CA

META HOUSING CORPORATION

Developer: [illegible]

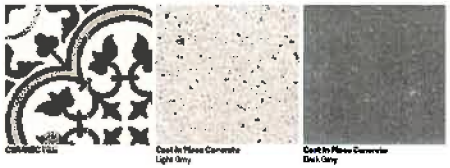
07.30.18 L2.10

Date Page

PROJECT INFO:

- TOTAL PLANTING AT LEVEL 2: 1,000 SF
- TOTAL PLANTING IN PROJECT: 2,400 SF (20% OF OPEN SPACE)
- TOTAL OPEN SPACE IN PROJECT: 8,400 SF, 2,400 SF OF OPEN SPACE REQ. TO BE PLANTED (25% OF OPEN SPACE)
- TOTAL AMOUNT OF TREES IN PROJECT: 24 TREES PROVIDED (24 TREES REQUIRED, 1 TREE PER 4 UNITS)
- THE MINIMUM ACCEPTABLE SIZE FOR STREET TREES AND ON-SITE TREES SHALL BE A 24" BOX. NEWLY PLANTED TREES SHALL BE SUPPORTED WITH STAKES OR GUY WIRES.
- SHRUBS SHALL BE A MINIMUM SIZE OF 5 GALLONS. WHEN PLANTED AS A HEDGE OR SCREEN, SHRUBS SHALL BE PLANTED WITH 2 TO 4' OF SPACING, DEPENDING ON THE PLANT SPECIES.
- GROUND COVER SHALL BE GENERALLY SPACED AT A MAXIMUM SIZE OF 6" TO 8" O.C. WHEN USED AS GROUND COVER, MINIMUM 1 GALLON SIZED SHRUBS MAY BE PLANTED 18" TO 24" O.C.
- USE RECYCLED CONTENT MULCH OR OTHER LANDSCAPE AMENDMENTS.

HARDSCAPE MATERIALS



CONCRETE

Cast In Place Concrete
Light Gray

Cast In Place Concrete
Dark Gray

PODIUM PLANTING PLANS



Olive
Olive

Leyseria
Canyon Prince Wild Rye

Agave
Foxtrot Agave

Aloe
Aloe

ATTACHMENT 1 - TABLE 5

SUMMARY OF AFFORDABILITY RESTRICTIONS
4600-4615 W Washington Blvd
LOS ANGELES, CALIFORNIA

Based on 2018 Rents	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units
20% TCAC / Moderate HCD / ELI TOC / 20% HHH CH / 60% CDLAC			
Number of Units	3	0	0
20% AMI TCAC Rent	$339	N/A	N/A
Moderate HCD (Land Restrictions) Rent (Schedule VII)	$1,501	N/A	N/A
ELI 30% AMI TOC Rent (Schedule VII)	$392	N/A	N/A
20% AMI HHH Rent (Chronically Homeless)	$339	N/A	N/A
60% AMI CDLAC Rent	$1,067	N/A	N/A
PBV Vouchers	Yes	No	No
Applicable Rent	**$339**	**N/A**	**N/A**
30% TCAC / Moderate HCD / ELI TOC / 60% CDLAC			
Number of Units	0	1	2
30% AMI TCAC Rent	N/A	$622	$717
Moderate HCD (Land Restrictions) Rent (Schedule VII)	N/A	$1,683	$1,867
ELI 30% AMI TOC Rent (Schedule VII)	N/A	$436	$481
60% AMI CDLAC Rent	N/A	$1,277	$1,473
PBV Vouchers	No	No	No
Applicable Rent	**N/A**	**$436**	**$481**
20% TCAC / Moderate HCD / Low TOC / 20% HHH CH			
Number of Units	7	0	0
20% AMI TCAC Rent	$339	N/A	N/A
Moderate HCD (Land Restrictions) Rent (Schedule VII)	$1,501	N/A	N/A
Low 60% AMI TOC Rent (Schedule I)	$1,140	N/A	N/A
20% AMI HHH Rent	$339	N/A	N/A
60% AMI CDLAC Rent	$1,067	N/A	N/A
PBV Vouchers	Yes	No	No
Applicable Rent	**$339**	**N/A**	**N/A**
20% TCAC / Moderate HCD / Low TOC / 20% HHH			
Number of Units	10	0	0
20% AMI TCAC Rent	$339	N/A	N/A
Moderate HCD (Land Restrictions) Rent (Schedule VII)	$1,501	N/A	N/A
Low 60% AMI TOC Rent (Schedule I)	$1,140	N/A	N/A
20% AMI HHH Rent	$339	N/A	N/A
PBV Vouchers	Yes	N/A	N/A
Applicable Rent	**$339**	**N/A**	**N/A**
50% TCAC / Moderate HCD / Low TOC / 60% CDLAC			
Number of Units	0	1	0
50% AMI TCAC Rent	N/A	$1,059	N/A
Moderate HCD (Land Restrictions) Rent (Schedule VII)	N/A	$1,683	N/A
Low 60% AMI TOC Rent (Schedule I)	N/A	$1,277	N/A
60% AMI CDLAC Rent	N/A	$1,277	N/A
PBV Vouchers	No	No	No
Applicable Rent	**N/A**	**$1,059**	**N/A**
60% TCAC / Moderate HCD / Low TOC / 60% CDLAC			
Number of Units	9	5	6
60% AMI TCAC Rent	$1,067	$1,277	$1,473
Moderate HCD (Land Restrictions) Rent (Schedule VII)	$1,501	$1,683	$1,867
Low TOC Rent (Schedule I)	$1,140	$1,277	$1,414
60% AMI CDLAC Rent	$1,067	$1,277	$1,473
PBV Vouchers	No	No	No
Applicable Rent	**$1,067**	**$1,277**	**$1,414**
60% TCAC / Moderate HCD / Low TOC			
Number of Units	0	4	7
60% AMI TCAC Rent	N/A	$1,277	$1,473
Moderate HCD (Land Restrictions) Rent (Schedule VII)	N/A	$1,683	$1,867
Low TOC Rent (Schedule I)	N/A	$1,277	$1,414
PBV Vouchers	No	No	No
Applicable Rent	**N/A**	**$1,277**	**$1,414**

Attachment D:
Disposition and Development Agreement Template

DISPOSITION AND DEVELOPMENT AGREEMENT

[PROJECT NAME]

by and among

CITY OF LOS ANGELES

("City"),

and

[DEVELOPER]

a California Non-profit public benefit

("Developer")

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DISPOSITION AND DEVELOPMENT AGREEMENT

This Disposition and Development Agreement ("Agreement"), dated, for identification purposes only, as of _____, 20__, is entered into by and among _____, a [ORGANIZATION TYPE-i.e. California non-profit public benefit corporation] ("Developer"), and the CITY OF LOS ANGELES, acting by and through its Housing and Community Investment Department ("City" or "HCID"). HCID and Developer are sometimes individually referred to in this Agreement as "Party" and collectively referred to as "Parties."

ARTICLE 1. SUBJECT OF AGREEMENT.

1.1 Purpose of Agreement.

a. The purpose of this Agreement is to effectuate the disposition and development of certain real property commonly known as [ADDRESS]-_____Los Angeles, and stabilize the neighborhood by providing, subject to all the terms and conditions of this Agreement, for the following: (i) the disposition of leasehold interest(s) in that certain real property currently owned in fee title by the City and located on the Site (defined below), to the Developer on the terms described in this Agreement and in the Ground Lease and related documents described below; and (ii) the redevelopment and operation of affordable housing on the Site as more particularly provided in this Agreement (the "Project"). The disposition, development, financing and use of the Site pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Los Angeles and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements.

b. The Developer will lease the Site for Ninety Nine (99) year term and will pay rent to the City for a below Fair Market Value ("FMV") ground lease, as follows: (a) for the First Sixty Five (65) years of the Ground Lease ("Initial Term"), the Developer will pay the City a base annual ground lease payment of Ten Thousand Dollars ($10,000) ("Base Rent"), to be increased at annual interest rate of One Percent (1%) for the duration of the Initial Term, and (b) a residual receipt rent equal to a pro rata share of Fifty Percent (50%) of the Residual Receipts ("Residual Receipt Rent") to be shared with the other soft lenders. Upon conclusion of the Initial Term, the Ground Lease will automatically be extended for three (3) eleven-year terms, up to a maximum total lease term of Ninety Nine (99) years, and the Developer will pay the City a revised rent amount equal to the FMV of the "As-Is" leasehold interest in the Site based on an appraisal conducted within six months of the lease renewal date prepared by a City approved real estate appraiser ("Extension Base Rent"); (b) City Ground Lease (including the Base Rent payments) and Regulatory Agreement will not be subordinated to the construction and permanent debt

lenders of the Project; the Residual Receipt Rent payments will be subordinate to construction and permanent debt lenders of the Project and (c) if the affordability restrictions are no longer in place, then the project will pay the full FMV lease payment.

c. It is the intention of the City and Developer that the Project shall develop new housing that will be operated and maintained as rental housing that will be affordable to and occupied by persons and families of Moderate, Low and Very-Low Income, as more particularly described in this Agreement, below.

d. [ENTER PROJECT INFORMATION: SAMPLE follows] _____When completed, the Project will consist of a total of Sixty Four (64) residential units, comprised of 58 one-bedroom units and 6 two-bedroom units, of which Sixty Two (62) units (58 one-bedroom and 4 two-bedroom units) will be designated as affordable units for rent to the residents with personal or household income not to exceed Moderate Income pursuant to California Health and Safety Code Section 50093, and another two (2) 2-bedroom units will be unrestricted for use by the two property managers on-site, as further described in the Regulatory Agreement, **Exhibit I**. The Project will include 63 parking spaces (53 residential spaces and 11 commercial spaces). The target population of the Project is the head of households aged fifty-five (55) years or older. The Project will include laundry on-site, community room with a kitchen, offices for property management and resident services staff. The Project site size will be about 40,934 square feet of land area, gross building area of approximately 43,300 square feet of residential area, and 30,000 gross square feet of below grade garage area.

e. This Agreement is entered into for the purpose of redeveloping the Site and providing affordable housing and not for speculation in landholding. The City's conveyance of a leasehold interest in the Site to the Developer for the development of the Site pursuant to this Agreement is in the vital and best interests of the Project Area and the health, safety, morals and welfare of the residents therein, and is in accord with the public purposes and provisions of applicable state and local laws.

f. The City intends by this Agreement to cause the redevelopment of the Site to occur and to preserve and improve the community's supply of affordable housing for Moderate, Low and Very Low Income Households. The City would not have agreed to convey any interest to the Developer but for Developer's agreement to develop, use and maintain the Site in conformity with this Agreement and other related documents described below.

g. Each Party hereby acknowledges that it will obtain valuable benefits from this Agreement. The Parties further acknowledge that in entering into this Agreement, each Party is relying on the performance of the other Party.

(i) The City acknowledges that the development and use of the Project on the Site by Developer pursuant to the terms and conditions of this Agreement

will further the purposes set forth in the California Redevelopment Law if applicable, and policies adopted by the City and the City Council by preserving and improving the community's supply of housing that is affordable to persons and families of low and moderate income helping to remedy the physical and economic conditions of blight (the "Project Area"), generating construction jobs in the development of the Project and permanent jobs in its operation, and encouraging further private investment that will benefit the entire Project Area.

(ii) Developer acknowledges that performance by the City of its obligations pursuant to the terms of this Agreement will provide to Developer and its principals significant and valuable financial benefits and that the City's performance of these obligations is in consideration of Developer's commitment to comply with the requirements of this Agreement and the ground lease for development, construction, operation and use of the Project on the Site. These benefits will include, but not be limited to: Developer's leasehold interest in the Site; Developer fees associated with the development of the Project; and property management fees associated with the long-term lease and management of the Project.

h. Except as otherwise explicitly set forth in this Agreement, in the Ground Lease, and/or in any documents evidencing the City financial assistance, if any, for this Project, the design, development, construction, and operation of the Project shall be at the sole cost and expense of the Developer.

1.2 Definitions.

Capitalized terms not otherwise defined in this Agreement shall have the following meanings:

"Affiliate" shall mean any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer, which, in the case of a partnership, shall include, each of the constituent general partners thereof, and in the case of a limited liability company, each of the constituent members thereof. The term "control", as used in the immediately preceding sentence, means, with respect to a corporation, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights attributable to the shares of the controlled corporation and, with respect to a person that is not a corporation, the possession directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

"Affordable Rent" shall have the appropriate meaning set forth in California Health and Safety Code Section 50053(b), which, as of the date hereof, means monthly rent, including a reasonable utility allowance, that does not exceed the following respective amounts (which are more particularly set forth in the Income and Rent Limits exhibit attached to the Regulatory Agreement (**Exhibit I** of Part I of Exhibits):

(a) for an Extremely Low Income Household, one-twelfth of the product of thirty percent (30%) times thirty percent (30%) of the Area Median Income adjusted for family size appropriate for the unit, (as that term is defined in California Health and Safety Code Section 50052.5), as determined by the California Department of Housing and Community Development ("HCD");

(b) for a Very Low Income Household, one-twelfth of the product of thirty percent (30%) times fifty percent (50%) of the Area Median Income adjusted for family size appropriate for the unit, as determined by HCD;

(c) for a Low Income Household, one-twelfth of the product of thirty percent (30%) times sixty percent (60%) of the Area Median Income adjusted for family size appropriate for the unit, as determined by HCD, which Developer may adjust upon each annual income verification and recertification for any Low Income Household with an annual income that exceeds sixty percent (60%) but does not exceed eighty percent (80%) of Area Median Income, to an amount that does not exceed thirty percent (30%) of the gross income of the Household; and

(d) for a Moderate Income Household, one-twelfth of the product of thirty percent (30%) times one hundred ten percent (110%) of the Area Median Income adjusted for family size appropriate for the unit as determined by HCD, which Developer may adjust upon each annual income verification and recertification for any Moderate Income Household with an annual income that exceeds one hundred ten percent (110%) but does not exceed one hundred twenty percent (120%) of Area Median Income, to an amount that does not exceed thirty percent (30%) of the gross income of the Household.

"Affordable Unit" shall mean any of the dwelling units in the Improvements required by this Agreement and/or the Regulatory Agreement to be rented exclusively to and occupied by an Extremely Low, Very Low, Low or Moderate Income Household.

"Agreement" shall mean this Disposition and Development Agreement, as the same may be amended from time to time.

"Area Median Income" shall have the meaning set forth therefor in California Health and Safety Code Section 50093, as it may be amended from time to time.

"Assignment of Agreements, Plans, Specifications and Entitlements" shall mean an instrument substantially in the form attached to this Agreement as **Exhibit G** of Part I of Exhibits.

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"Developer" shall mean [DEVELOPER]_____, a California non-profit public benefit corporation, or any permitted Transferee or successor in interest approved by the City in accordance with Article 7 of this Agreement.

"Building Permit" shall mean all building and grading permits required to be obtained from the City for the construction of the Improvements.

"Business Day" means a week day, and shall specifically exclude those days described in California Civil Code Section 7.1, as amended from time to time.

"Certificate of Completion" shall mean that certificate issued by the City to the Developer pursuant to Section 6.4 of this Agreement.

"City" shall mean the City of Los Angeles, California, a municipal corporation, operating through its governing body, the City Council, and it's various departments.

"City Development Documents" means, collectively, this Agreement, the Ground Lease, the Memorandum of Ground Lease, the Regulatory Agreement, the Notice of Affordability Restrictions, the City Leasehold Deed of Trust, if any, the Intercreditor Agreement (if any), the Assignment of Agreements, Plans, Specifications and Entitlements, and all other documents required to be executed by the Developer and/or the City in connection with the transactions contemplated by this Agreement, with all amendments and modifications thereto.

"City Leasehold Deed of Trust" shall mean the City Leasehold Deed of Trust securing any monetary obligations under this Agreement and the City Ground Lease and related documents, due to the City from the Developer.

"City Rent" shall mean a rent payable to the City by Developer: (a) for the Initial Term of the first Sixty Five (65) years of the Ground Lease, the Developer will pay the City a base annual ground lease payment ("Base Rent") of Ten Thousand Dollars ($10,000), to be increased at annual interest rate of One Percent (1%) for the duration of the Initial Term, and (b) a Residual Receipt Rent ("Residual Receipt Rent") equal to a pro rata share of Fifty Percent (50%) of the Residual Receipts to be shared with the other Soft Lenders. Upon conclusion of the Initial Term, the ground lease will be automatically extended for three (3), eleven-year terms up to a maximum total lease term of ninety Nine (99) years, and the Developer will pay the City a revised rent amount equal to 10% the FMV of the "As-Is" leasehold interest in the Site based on an appraisal conducted within six months of the lease renewal date prepared by a City approved real estate appraiser ("Extension Base Rent"); (b) City Ground Lease will not be subordinated to the construction and permanent debt lenders of the Project and (d) if the affordability restrictions are no longer in place, then the project will pay the full FMV lease payment.

"Community Outreach Plan" shall mean the plan described in Section 6.13.c. of this Agreement.

"Completion" shall mean completion of construction of the Improvements as required by all the requirements of this Agreement.

"Construction Lender" shall mean the maker of the Construction Loan.

"Construction Loan" shall mean a loan secured by a Construction Loan Deed of Trust and made by a third party to Developer to finance certain development costs of the Project during the construction phase of the Project.

"Construction Loan Deed of Trust" shall mean any deed of trust recorded against the Site securing a Construction Loan.

"Construction/Permanent Loan" shall mean a loan that is both a Construction Loan and Permanent Loan.

"Construction/Permanent Loan Deed of Trust" shall mean any deed of trust recorded against the Site securing a Construction/Permanent Loan.

"Development Costs" shall mean any properly documented costs incurred by Developer in connection with the ground lease of the Site and the entitlement, design, financing and construction of the Project, as set forth in the Project Budget and Financing Plan.

"Effective Date" shall mean the date, after this Agreement is initially executed by Developer and approved by the City, that this Agreement is executed by the HCID General Manager or designee, and/or City Clerk, which date shall be the latest date set forth on the signature page(s) of this Agreement.

"Eligible Household" shall mean, as applicable to this Agreement, a household that qualifies as an Extremely Low Income Household, a Very Low Income Household, a Low Income Household or a Moderate Income Household.

"Encumbrance" shall mean and include any mortgage, deed of trust, lease, lien, easement, restrictive covenant or regulatory agreement or other security interest recorded against title to the Site.

"Environmental Laws" shall mean all federal, state and local laws, ordinances and regulations relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, release, disposal or transportation of Hazardous Substances.

"Event of Default" shall have the meaning set forth in Section 10.1 of this Agreement.

"Exceptions" shall mean all exceptions, reservations, liens, encumbrances, qualifications, covenants, conditions, restrictions, leases, easements, rights of way, or other like matters affecting the Site, and all matters or states of facts reflected on or arising out of any tentative or final parcel map for the Site, or concerning or related to zoning, subdivision, permitted use or physical condition of the Site, or arising from the redevelopment, development or related activities of Developer.

"Extremely Low Income Households" shall have the meaning set forth therefor in California Health and Safety Code Section 50106, as it may be amended from time to time.

"Financing Plan" shall mean the plan described in Section 3.2.b. of this Agreement.

"General Contractor" shall mean the licensed contractor or firm selected by Developer with overall responsibility for construction of the Project.

"Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorization, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision.

"Gramercy Place Apartments" shall mean that certain real property, owned by the City of Los Angeles, located at 2375 West Washington Boulevard, Los Angeles, California depicted on the Site Map attached to this Agreement as **Exhibit A** of Part I of Exhibits and more particularly described by the Legal Description attached to this Agreement as **Exhibit B** of Part I of Exhibits.

"Ground Lease" shall mean that certain 99-year ground lease with respect to the Site to be entered into between the City, as ground lessor, and Developer, as ground lessee, subject to and as contemplated in this Agreement, as it may be amended to the extent permitted by applicable City and State laws (as determined prior to entry into the Ground Lease).

"Hazardous Materials" shall mean: (i) any chemical, compound, material, mixture or substance that is now or may later be defined or listed in, or otherwise classified pursuant to, any Hazardous Materials Law as a "hazardous substance", "hazardous waste", "extremely hazardous waste", acutely hazardous waste", radioactive waste", infectious waste", biohazardous waste", "toxic substance", "pollutant", "toxic pollutant", "contaminant", as well as any formulation not mentioned herein intended to define, list or

classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP" toxicity, or "TCLP toxicity"; (ii) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (iii) "hazardous substance" as defined in Section 25281 of the California Health and Safety Code; (iv) "waste" as defined in Section 13050(d) of the California Water Code; (v) asbestos in any form; (vi) urea formaldehyde foam insulation; (vii) transforms or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls (PCBs) in excess of fifty (50) parts per million; (viii) radon; and (ix) any other chemical, material, or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is now or hereafter limited or regulated for health and safety reasons by any governmental authority, or which poses or is later determined to pose a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. The term "Hazardous Materials" shall not include: construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of residential property, or commonly used or sold by hardware, home improvement stores, or medical clinics and which are used and stored in accordance with all applicable Hazardous Materials Laws.

"Hazardous Materials Laws" means all present and future federal, state and local laws, ordinances, regulations, permits, guidance documents, policies, decrees, orders and any other requirements, whether statutory, regulatory or contractual, of governmental authorities relating to health, safety, the environment or the use, handling, disposal or transportation of any Hazardous Materials (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation Recovery Act, the Clean Water Act, the Clean Air Act, and the applicable provisions of the California Health and Safety Code and the California Water Code, as each such statute may from time to time be amended, and the rules, regulations and guidance documents promulgated pursuant to any such statute).

"HCD" shall mean the California Department of Housing and Community Development.

"Housing Design Guidelines" shall mean the City's Residential Citywide Design Guidelines, substantially in the form included in Part II of Exhibits, receipt of which is hereby acknowledged.

"HUD Requirements" shall mean the requirements, to the extent applicable, listed in the form included as **Exhibit K** of Part I of Exhibits, receipt of which is hereby acknowledged.

"Improvements" shall mean and include all demolition, site preparation and grading, as well as all buildings, structures, fixtures, excavation, parking, landscaping, and other work, construction, rehabilitation, alterations and improvements of whatsoever character to be constructed or performed by Developer on, around, under or over the Site pursuant to this Agreement.

"Intercreditor Agreement" shall mean an agreement by and among HCID, Developer, and/or other parties, as applicable, in form and substance that is acceptable to the City or its designee and that addresses, among other things, the disbursement of loan proceeds by the Lender(s) and gives the City the right to review and comment on disbursements by the other Lender(s), as it may be and to extent provided therein.

"Investor Member/Limited Partner Capital Contribution" shall mean funds provided to Developer by the Tax Credit Equity Investor in consideration of the Low Income Tax Credit and Historic Rehabilitation Tax Credit.

"HCID" shall mean the City of Los Angeles, acting by and through its Housing and Community Investment Department of the City.

"Losses and Liabilities" shall mean and include all claims, writs, demands, causes of action, liabilities, losses, damages, judgments, injuries, expenses (including, without limitation, attorneys' fees and costs incurred by the indemnified party with respect to legal counsel of reasonably acceptable to it) charges, penalties or costs of whatsoever character, nature and kind, whether to property or to person, and whether by direct or derivative action, known or unknown, suspected or unsuspected, latent or patent, existing or contingent.

"Low or Moderate Income Households" shall have the same meaning as the term "persons and families of low or moderate income" set forth in California Health and Safety Code Section 50093, as it may be amended from time to time.

"Low Income Households" shall have the same meaning as the term "Lower income households" set forth in California Health and Safety Code Section 50079.5, as it may be amended from time to time.

"Low Income Housing Tax Credit" shall mean the tax credit authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

"Management Plan" shall mean a plan as described in Section 7.5.a. of this Agreement.

"Moderate Income Households" shall have the same meaning as the term "persons and families of low or moderate income" set forth in California Health and Safety Code Section 50093, as it may be amended from time to time.

"Notice of Affordability Restrictions" shall mean the Notice of Affordability Restrictions on Transfer of Property to be recorded against the Site, substantially in the form attached to this Agreement as **Exhibit J** of Part I of Exhibits.

"Ownership and/or Control" shall mean, without limitation, a majority of voting rights and beneficial ownership with respect to all classes of stock in a corporation or controlling interests in partnerships or limited liability companies, and/or beneficial interests under a trust, as may be applicable to the type of entity in question. In the case of a trust, such term shall also include the rights of the trustee as well as the beneficiary.

"Parties" shall mean the City, HCID and the Developer, collectively, and "Party" shall mean either the City, HCID or the Developer.

"Permanent Lender" shall mean the maker of the Permanent Loan.

"Permanent Loan" shall mean the loan secured by a Permanent Loan Deed of Trust and made by a third party to Developer to finance certain development costs of the Project after construction completion and stabilization of occupancy of the Project.

"Permanent Loan Deed of Trust" shall mean any deed of trust recorded against the Site securing a Permanent Loan.

"Permitted Lender" shall mean the holder of any Security Financing Interest authorized by this Agreement and identified in the Project Budget or Financing Plan.

"Permitted Loan" shall mean any loan secured by a Security Financing Interest authorized by this Agreement and identified in the Project Budget.

"Permitted Transfer" means any of the following, provided Developer or a general partner or managing member, as the case may be, of Developer retains day-to-day control over management and operations of the Site and the Improvements:

a. A conveyance of a security interest in the Site in connection with any Permitted Loan and any subsequent transfer of leasehold title by foreclosure, deed or other conveyance in lieu of foreclosure in connection therewith;

b. A conveyance of leasehold interest in the Site or other Transfer by Developer to a limited partnership or limited liability company in which Developer is managing general partner or managing member, as the case

may be, and the Tax Credit Equity Investor is a limited partner or member, as the case may be, or to any other Affiliate, or a conveyance back from such entity to Developer;

c. The inclusion of equity participation by Developer by addition of members to Developer's limited liability company, limited partners to Developer's limited partnership, or similar mechanisms;

d. The sale of non-managing membership or limited partnership interests to any Affiliate of the Tax Credit Investor;

e. The lease for occupancy of all or any part of the Improvements on the Site;

f. The granting of easements or permits to facilitate the development of the Site in accordance with this Agreement;

g. In addition, the withdrawal, removal and/or replacement of any managing member of Developer's limited liability company or general partner of Developer's partnership, as the case may be, pursuant to the terms of the Developer's LLC Agreement or partnership agreement, as the case may be, shall not constitute a default under this Agreement or any of the City Development Documents, provided that any required substitute member or general partner, as the case may be, is reasonably acceptable to the City and is selected with reasonable promptness;

h. Any other transfer approved in writing by the City or its designee, at its sole discretion;

"Person" means an individual, corporation, partnership, Limited Liability Company, joint venture, association, firm, Joint Stock Company, trust, unincorporated association or other entity.

"Project" shall mean Developer's lease of the Site and the development of the Improvements on the Site as required by this Agreement and the Scope of Development.

"Project Architect" shall mean the licensed architect or firm of architects selected by Developer with overall responsibility for the design of the Project.

"Project Budget" means the preliminary estimate of sources and uses of funds necessary to develop the Project attached to this Agreement as **Exhibit E** of Part I of Exhibits.

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"Project Documents" shall mean and include such preliminary and Final Construction Drawings and specifications, grading plans, landscape plans, site development plans, plot plans, off-site improvement plans, architectural renderings and elevations, material specifications, parking plans and other plans and documents as are required to be submitted to HCID pursuant to Article 5 of this Agreement or any applicable Governmental Restrictions.

"Redevelopment Plan" shall mean the "Redevelopment Plan for the Redevelopment Project Area in which the project is located" adopted by Ordinance of the City Council of the City of Los Angeles, as amended from time-to-time.

"Regulatory Agreement" shall mean the Regulatory Agreement to be entered into by the City and Developer and recorded against the Site, in the form attached to this Agreement as **Exhibit I** of Part I of Exhibits.

"Residual Receipts" shall mean Revenues reduced in the following order : (1) Operating Expenses calculated on a cash basis; (2) debt services on senior project debt secured by the senior position deed of trust; (3) deposits to the Operating Reserve Fund; (4) deposits to the Replacement Reserve Fund; (5) deposits to the Transition Reserve Funds; (6) deposits to the Supportive Services Reserve Fund; (7) repayment of general partner loans; (8) deferred developer fees; and (9) related or third party transactions, including but not limited to partnership management fee, investor service fee, asset management fee, annual partnership review fee, administrative fee, incentive supervisor fee, and / or facility administration fee. The combined total amount of related or third party transactions shall not exceed fifteen thousand dollars ($15,000) annually or Portfolio Management Guidelines, whichever is greater. Deferred developer fees shall be drawn from the project cash flow over the first fifteen (15) years of project operation.

"Residual Receipts Lease" shall mean any lease to be secured by a deed of trust on the Site that finances or refinances any portion of the Total Development Costs and is to be repaid by a share of Developer's net cash flow in proportion to all other Residual Receipts loans financing the Project.

"Schedule of Performance" shall mean the Schedule of Performance including project's Milestones, attached to this Agreement as **Exhibit C** of Part I of Exhibits, which is incorporated herein by this reference. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City or its designee.

"Scope of Development" shall mean the Scope of Development attached to this Agreement as **Exhibit D** of Part I of Exhibits, which is incorporated herein by this reference.

"Security Financing Interests" shall have the meaning set forth in Section 9.1.b. of this Agreement.

"Site" shall mean that certain real property consisting of City sites: _____ depicted on the Site Map attached to this Agreement as **Exhibit A** of Part I of Exhibits and more particularly described by the Legal Description attached to this Agreement as **Exhibit B** of Part I of Exhibits.

"Statutory Request for Notice of Default" shall mean an instrument substantially in the form attached to this Agreement as **Exhibit H** of Part I of Exhibits

"Tax Credit Equity Investor" shall mean any Person who will be an investor member in Developer's limited liability company or investor limited partner in Developer's partnership, as the case may be, and who will purchase the Low Income Housing Tax Credit and Historic Preservation Tax Credit and own not less than a 99% interest in Developer.

"Third Party Lender" shall mean the maker of any Loan or beneficiary of any Loan deed of trust, except for the City.

"Third Party Loan" shall mean the Construction Loan, Permanent Loan, Construction/Permanent Loan (if any), and/or any other loan, credit enhancement or construction period guaranty facility that is secured by a deed of trust or other instrument.

"Title Company" shall mean _____ or such other title insurance company as may be approved by the City.

"Total Development Costs" shall mean the total cost to Developer of acquiring the Site and designing, entitling, financing and constructing the Project thereon, as set forth in the Project Budget and Financing Plan.

"Transfer" shall mean and include any voluntary or involuntary transfer, sale, assignment, lease, sublease, license, franchise, concession, operating agreement, gift, hypothecation, mortgage, pledge or encumbrance, or the like, of all or any portion of the Site, any rights or obligations of the Developer under this Agreement, or any interest in the Developer, to any person or entity ("Transferee").

"Very Low Income Households" shall have the meaning set forth therefor in California Health and Safety Code Section 50105, as it may be amended from time to time.

1.3 Exhibits.

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The following is a list of the exhibits applicable to this Agreement. The exhibits constituting Part I are attached to this Agreement. The exhibits constituting Part II are Standard City Contracting Requirements which are set forth in a separate document, the receipt of which is hereby acknowledged by Developer. All of the exhibits are hereby incorporated by this reference as though fully set forth herein.

a. Part I of Exhibits:

A. Site Map
B. Legal Description
C. Schedule of Performance and Milestones
D. Scope of Development
E. Project Budget
F. [Intentionally omitted]
G. Form of Assignment of Agreements, Plans, Specifications and Entitlements
H. Form of Statutory Request for Notice
I. Form of Regulatory Agreement
J. Form of Notice of Affordability Restrictions
K. HUD Requirements

b. Part II of Exhibits (Standard City Contracting Requirements):

1. City of Los Angeles Requirements and Checklist, with Attachments
2. ADA Covenants
3. Mayoral Directive
4. City Insurance Requirements

ARTICLE 2. PARTIES TO THE AGREEMENT.

2.1 City of Los Angeles.

The City of Los Angeles is a municipal corporation, acting by and through its Housing and Community Investment Department. The address of HCID for the purposes of receiving notice pursuant to this Agreement is:

Housing and Community Investment Department
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attention: General Manager

With a copy to:

Los Angeles Housing Department

Asset Management Division
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attention: Asset Manager

The term "HCID" includes any assignee or successor to HCID's rights, powers and responsibilities under this agreement.

2.2 Developer.

Developer is _____, a California non-profit public benefit corporation. The address of Developer for purposes of receiving notice pursuant to this Agreement is:

[DEVELOPER/ADDRESS]

Attention: Name, Title

With a copy to:

_____
_____
_____
Attention: _____

The term "Developer" as used herein includes any authorized and approved Transferee of Developer as permitted in accordance with Article 8 of this Agreement. All of the terms, covenants, and conditions of this Agreement shall be binding on such Transferees, successors and assigns of Developer.

2.3 No Joint Venture.

The City and Developer are not and shall not be deemed to be partners, co-venturers, joint ventures or in any other way related to one another, nor shall either party have any fiduciary, confidential or agency relationship with the other. Nothing contained in this Lease will be deemed or construed by the Parties or by any third person or court to create the relationship of principal and agent or of partnership or of joint venture or of any association between the City and Lessee, and neither the method of computation of Rent nor any other provisions contained in this Lease nor any acts of the parties will be deemed to create any relationship between the City and Lessee, other than the relationship of lessor and lessee.

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ARTICLE 3. DISPOSITION OF SITE.

3.1 Conditions Precedent to Close of Escrow.

Subject to the terms and conditions of this Agreement, the City shall execute and deliver the Ground Lease to the Site to Developer for redevelopment and the provision of affordable housing. The City shall not be obligated to convey title to the Site to Developer, and the Close of Escrow shall not occur, if an Event of Default has occurred and has not been cured within the applicable cure period, if any. The Close of Escrow is further conditioned upon the timely satisfaction of each of the following conditions (the "Conditions Precedent"), not later than the time provided in the Ground Lease Schedule of Performance for the Closing Date (as such date may be extended in accordance with the terms of this Agreement). It shall be Developer's obligation to cause all of the Conditions Precedent to be satisfied in a timely fashion, as provided in this Agreement, and to provide written documentation sufficient for the HCID General Manager or designee to determine compliance, not later than ten (10) Business Days prior to the scheduled Closing Date (unless a different time is provided in this Agreement). The City shall have the right to approve or disapprove any submittal. Any approval or disapproval shall be in writing. Any disapproval shall contain an explanation of the reason(s) for disapproval. Developer shall have eight (8) Business Days after any disapproval to submit additional or corrected documentation. Failure by the City to approve or disapprove any submittal in writing within ten (10) Business Days of receipt shall be deemed a disapproval. The City shall have the right to terminate this Agreement in the event of a failure of any Condition Precedent within the respective time specified for the satisfaction of such condition in this Agreement, but in any event not later than the time provided in the Schedule of Performance for the scheduled Closing Date. Unless expressly provided otherwise, each of the following conditions is for the exclusive benefit of the City.

(i) Developer's Certificate. Developer shall certify to the City in writing that (i) all information provided by Developer to the City in connection with this Agreement remains true and correct in all material respects; and (ii) Developer is in full compliance with the terms of this Agreement and there exists no Event of Default pursuant to this Agreement, nor has any act, omission or condition occurred that, with the giving of notice, would constitute an Event of Default pursuant to this Agreement;

(ii) Opinion of Developer's Counsel. Developer shall deliver to the City a written opinion in a form acceptable to the City, to be signed by counsel to Developer on the Closing Date, with respect to: (i) the legality, validity and binding effect of this Agreement and its enforceability against Developer in accordance with its terms; (ii) the absence of any litigation or other proceedings, either pending or threatened, which could have a material adverse effect on the ability of Developer to perform pursuant to this Agreement; and (iii) such other standard and customary matters for legal opinions to be given by Developer's counsel in real

estate secured financing transactions as reasonably requested by HCID. The opinion of Developer's counsel shall disclose whether any consent, approval or other authorization, regulation, declaration or filing with any court or other governmental agency or commission or other public entity is required for the due execution and delivery of this Agreement and City Development Documents pursuant to this Agreement;

(iii) Developer's Formation Documents. Developer shall deliver to HCID documentation relating to the status of Developer's corporate, partnership, limited liability or other similar entity, and those of any general partners or managing members of Developer, including, without limitation and as applicable, the following: limited partnership agreements and any amendments thereto; articles of incorporation; limited liability company articles of incorporation (LLC-1); statement of information and operating agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; and a certificate of status issued by the California Secretary of State;

(iv) Title. The Title Company shall confirm in writing that all conditions precedent to the Close of Escrow for Developer to take leasehold title to the Site, other than the payment of the City Rent, shall have been satisfied;

(v) Appraisal or Other Determination of Value. The City shall have determined, in their sole discretion, that the City Rent payable by Developer for the Site is acceptable;

(vi) Site Conditions. The City and Developer shall determine that no adverse Site conditions exist that may interfere with the development of the Site as provided in this Agreement, or, if such Site conditions exist, that they are being addressed to the satisfaction of the City. This condition is for the benefit of the City and Developer;

(vii) Title Insurance Policy. The City shall have received written confirmation from the Title Company that the Title Company is committed to issue to the City, upon the Close of Escrow, without cost to the City, a Title Insurance Policy (without deletions), together with such endorsements as the City may request. This condition is for the benefit of the City and Developer;

(viii) Evidence of Insurance. Developer shall have submitted to the City evidence of the Insurance Policies required by Section 7.10 of this Agreement. The City shall be named as loss payee or additional insured on all policies, as applicable. Developer shall ensure that all worker compensation insurance policies carried by the General Contractor and subcontractors working on the Project include a waiver of subrogation in favor of the City.

(ix) Project Budget. As a condition precedent to the Close of Escrow, the acceptance of the ground lease, Developer shall deliver to the City a certification in writing that the Project Budget remains in effect as of such date, or Developer shall have delivered to the City a proposed revision to the Project Budget, demonstrating to the reasonable satisfaction of the HCID General Manager or designee the availability of sufficient funds to pay all Total Development Costs.

(x) Financing Plan. Developer shall have submitted and the City shall have approved a Financing Plan for the Project, meeting the requirements of Section 3.2.b. of this Agreement.

(xi) Closing Cost Statement. The City and Developer shall have received an estimated closing cost statement of costs from the Escrow Agent. This condition shall be for the benefit of the City and Developer;

(xii) Recording Instructions. Developer and the City shall have executed and delivered to the Escrow Agent mutually agreed-upon and irrevocable supplemental escrow and recording instructions authorizing the Escrow Agent to record and/or deliver the closing documents listed below, which escrow instructions shall also state that the Memorandum of Ground Lease and related documents shall be recorded only upon satisfaction of the Conditions Precedent, and the Escrow Agent shall have approved such supplemental escrow and recording instructions as may have been prepared on behalf of the City and Developer; and

(xiii) Documents. Not later than two (2) Business Days prior to the Close of Escrow, the City, Developer and/or other parties, as appropriate, shall have executed the following documents and delivered them to the Escrow Agent, for recording and distribution, as appropriate, upon the Close of Escrow:

(i) Ground Lease (to be signed by the City and consented to by Developer before or concurrently with the Close of Escrow). This condition shall be for the benefit of the City and Developer;

(ii) City Memorandum of Ground Lease (to be signed by Developer and the City and recorded concurrently with the Close of Escrow);

(iii) Regulatory Agreement (to be signed by Developer and the City and recorded concurrently with the Close of Escrow);

(iv) Notice of Affordability Restrictions on Transfer of Property (to be signed by the City and Developer and recorded concurrently with the Close of Escrow);

(v) Assignment of Agreements, Plans, Specifications and Entitlements (to be signed by Developer, Project architect and contractor, as applicable, and retained by the City);

(vi) Intercreditor Agreement(s), if any (to be signed by the City, Developer and any other lender(s) party to such agreement); and

(vii) Statutory Request for Notice under Section 2924b of the Civil Code (to be signed by the City and recorded upon the Close of Escrow).

3.2 Financing for the Project.

a. Project Budget. The Parties estimate that the Total Development Costs will be as set forth in the Project Budget. The initial Project Budget is attached to this Agreement as **Exhibit E** to Part I of Exhibits. The Parties acknowledge that the Project Budget shall serve as a guide for preparation of a more detailed Financing Plan. From time to time after the execution of this Agreement and through completion of construction, the Project Budget shall be subject to one or more amendments (each such amendment referred to as a "Revision" in this Agreement). Any Revision shall be subject to the approval of the HCID General Manager or designee. The HCID General Manager or designee is authorized to approve, and shall not unreasonably withhold approval of, any requested Revision for which the Third Party Lender's approval is not required under the terms of the Third Party Loan documents, or which has been approved by the Third Party Lender, if, within five (5) Business Days after receipt of the request, the City receives such explanation and/or back-up information as was received and relied upon by the Third Party Lender in connection with its approval of the Revision, and if the following conditions are satisfied:

(i) the Revision is limited to a reallocation of budgeted funds among Project Budget line items without any increase in the total Project Budget and the funds in the line item(s) to be reduced remain sufficient for completion of the Project and the requested increase in one or more line item(s) is to be used to pay approved costs, or the Revision involves an increase in the Total Development Costs, not to exceed fifteen percent (15%) of the Total Development Costs, and additional funds in an amount equal to the increase in the total Project Budget will be provided by Developer or a lender, and the requested increase in the Project Budget is to be used to pay approved costs.

(ii) the Revision does not increase the amount of any City loan;

(iii) the Revision does not result in a material change to the design of the Project, other than as approved by the City in writing;

(iv) the Revision does not materially adversely affect the economic feasibility of the Project; and

(v) the Revision does not materially adversely affect the City Rent or any leasehold security.

Upon approval of any Revision, the Project Budget shall be replaced by the approved revised Project Budget and this Agreement shall be deemed amended to reflect such revised Project Budget.

Financing Plan. Not later than twenty (20) Business Days prior to the scheduled Closing Date, Developer shall submit to HCID a proposed Financing Plan, consisting of the following: (1) a ten-year cash flow projection for operation of the Project; (2) a current Project Budget, updated on the basis of approved permits and entitlements and any design requirements of any Governmental Agency; (3) a "sources and uses" table, identifying the proposed use of each source of funding for the Project during the construction period; (4) if applicable, evidence reasonably satisfactory to the HCID General Manager or designee that Developer has sufficient additional funds available and committed to cover the difference, if any, between the Total Development Costs and all funds committed to financing the Total Development Costs (as provided in Section 3.2.c., below). HCID shall approve or disapprove in writing the proposed Financing Plan within ten (10) Business Days of receipt. Failure of HCID to approve or disapprove the Financing Plan within ten (10) Business Days of receipt shall be deemed a disapproval.

c. Evidence of Financing. The Developer must demonstrate evidence of financing within 24 months of the date of execution of this Agreement. HCID acknowledges that the Financing Plan is predicated on funding applications to the State, County and other funders for funds that may or may not be awarded through a competitive selection process. Therefore, HCID agrees that the Developer may apply for competitively awarded funding awards more than once. However, if the Developer fails to apply for or be awarded a source of funding identified in the Financing Plan after two rounds of funding applications, and cannot provide evidence of sufficient financing, HCID may terminate this development agreement.

The sum of the sources of construction financing described in the Project Budget shall be sufficient at all times to pay all Total Development Costs as set forth in the most recently approved Project Budget. If at any time prior to the issuance of the Certificate of Completion, the sum of the sources of funds described in the Project Budget is insufficient to pay all Total Development Costs, Developer shall promptly deposit into

the construction fund held by the Construction Lender additional Developer's funds at least equal to the shortfall. Not later than twenty (20) Business Days prior to the scheduled Closing Date, Developer shall submit, for approval by the HCID General Manager or designee, evidence of such financing (as part of the Financing Plan), including substantially complete drafts of Construction Loan documents (as required by Section 4.4(1)(a) of this Agreement). The HCID General Manager or designee shall not unreasonably withhold his or her approval.

3.3 Security Deposit and Liquidated Damages.

Prior to the execution of this Agreement by the City and the Developer, the Developer shall have submitted to the City a non-refundable site control fee in the sum of [AMOUNT] Thousand Dollars ($xx,000) (the "Deposit") to ensure that the Developer will proceed diligently and in good faith to develop the Site as required by this Agreement.

IF THIS AGREEMENT IS TERMINATED PRIOR TO CLOSE OF ESCROW BY THE CITY IN ACCORDANCE WITH SECTION 10.9, AND AFTER THE GIVING OF ANY REQUIRED NOTICE AND THE EXPIRATION OF ANY REQUIRED CURE PERIOD AS SET FORTH IN THIS AGREEMENT, DUE TO A BREACH OF DEVELOPER'S OBLIGATION UNDER THIS AGREEMENT, THEN THE ENTIRE BALANCE OF THE DEPOSIT SHALL BE RETAINED BY THE CITY AS LIQUIDATED DAMAGES. UPON THE PAYMENT OF LIQUIDATED DAMAGES, THIS AGREEMENT WILL TERMINATE AND THE PARTIES SHALL HAVE NO FURTHER OBLIGATIONS, RIGHTS OR LIABILITIES TO EACH OTHER UNDER THE TERMS OF THE AGREEMENT.

THE PARTIES FURTHER AGREE THAT THE AMOUNT OF LIQUIDATED DAMAGES ESTABLISHED BY THIS PROVISION IS A REASONABLE ESTIMATE, UNDER THE CIRCUMSTANCES EXISTING ON THE DATE OF EXECUTION OF THIS AGREEMENT, OF WHAT THE CITY'S DAMAGES WOULD BE IN THE EVENT OF A DEFAULT BY DEVELOPER.

NOTWITHSTANDING ANY OF THE FOREGOING, THE LIQUIDATED DAMAGES PROVISIONS ABOVE ARE IN ADDITION TO, AND DO NOT AFFECT, LIMIT, OR IN ANY WAY REDUCE, CITY'S RIGHT TO REMEDIES AFTER THE CLOSE OF ESCROW.

INITIALED BY DEVELOPER: _____

INITIALED BY HCID: _____

3.4 Ground Lease.

Prior to the date set forth in the Schedule of Performance, the parties shall have agreed upon the form of the Ground Lease.

Provided the conditions precedent in Section 3.1 of this Agreement have been satisfied, upon the terms, covenants and conditions set forth in this Agreement, the City agrees to lease and convey the leasehold interest in the Site to Developer, and Developer agrees to lease and accept the leasehold interest in the Site from the City and to pay City Rent, in accordance with this Agreement and the Ground Lease. Until the issuance of the Certificate of Completion, the City's conveyance of leasehold shall be subject to a power of termination (as described in Section 10.9 of this Agreement), to ensure the completion of the redevelopment of the Site for the purpose of providing affordable housing as provided in this Agreement.

As a condition to the Close of Escrow, the parties shall have executed and delivered into escrow for delivery upon Close of Escrow, such agreed form of Ground Lease and a memorandum thereof for recordation upon Close of Escrow.

3.5 City Rent.

The applicable City Rent shall be paid by Developer to the City on the Closing Date through the Escrow Agent, together with such additional amounts as is necessary to cover Developer's share of costs and expenses hereunder.

3.6 Condition of the Site.

a. Due Diligence. The City makes no representations regarding the condition of the Site. The Parties hereby acknowledge that prior to the execution of this Agreement, Developer used the opportunity provided by the City to conduct any studies and investigations that Developer deemed necessary to assure itself of the physical condition of the Site and the suitability of the Site for the development contemplated by this Agreement. Developer shall have the right, without cost or expense to the City, to engage its own environmental consultant and any other consultants to conduct such additional studies and investigations of the Site as it deems necessary, including any Phase I and/or Phase II environmental investigations, soils, geotechnical or other testing of the Site, subject to the execution of a "Right of Entry" agreement in HCID's customary form. The City shall disclose to Developer any actual knowledge of Hazardous Materials or other physical defects on the Site which occur at any time prior to the Close of Escrow.

b. "As Is" Conveyance.

(i) DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS CONVEYING THE SITE TO DEVELOPER AND DEVELOPER IS ACCEPTING FROM THE CITY THE SITE ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT DEVELOPER IS NOT RELYING ON ANY

REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE SITE, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE SITE (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE SITE, (D) THE DEVELOPMENT POTENTIAL OF THE SITE, AND THE SITE'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE SITE FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE SITE OR ANY OTHER PRIVATE OR GOVERNMENTAL RESTRICTIONS ON THE USE OF THE SITE, (F) THE COMPLIANCE OF THE SITE OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, AND (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE SITE OR EMANATING FROM THE ADJOINING OR NEIGHBORING PROPERTY. DEVELOPER AFFIRMS THAT DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, CONSULTANTS OR CONTRACTORS TO SELECT OR FURNISH THE SITE FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE SITE IS FIT FOR ANY PARTICULAR PURPOSE. DEVELOPER ACKNOWLEDGES THAT DEVELOPER SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE SITE AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE SITE (INCLUDING, WITHOUT LIMITATION, WHETHER THE SITE IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE SITE'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(ii) Developer's Release of the City. Developer, on behalf of itself and anyone claiming by, through or under Developer hereby waives its right to recover from and fully and irrevocably releases the City, and its respective council members,

board members, employees, officers, directors, representatives, attorneys and agents (the "Released Parties") from any and all claims, responsibility and/or liability that Developer may have or hereafter acquire against any of the Released Parties, excluding breaches by the City of representations, warranties and covenants of the City, for any claims, fines, penalties, fees, costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the following: (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Site, or its suitability for any purpose whatsoever; and (ii) any information furnished by the Released Parties under or in connection with this Agreement, provided that such release does not apply in the event where the liability resulted from gross negligence, fraud, or will full misconduct of the Released Parties.

(iii) Scope of Release. The release set forth in Section 3.6(b)(ii) includes claims (other than claims for the presence of Hazardous Materials on, under or about the Site prior to the Close of Escrow) of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release of the Released Parties. Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Developer agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to Developer may have given or may hereafter give rise to causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees and represents that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Developer, on behalf of itself and anyone claiming by, through or under Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right Developer and anyone claiming by, through or under Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

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

Developer's Initials:_____

The provisions of this section shall survive the termination of this Agreement.

3.7 Discovery of Hazardous Materials.

a. In the event that Developer discovers the presence of Hazardous Materials on, under or about the Site prior to the commencement of the construction of the Improvements which Hazardous Materials were not the result of Developer's activities on the Site, Developer shall promptly notify the City of such discovery but in any event within seventy two (72) hours of such discovery. If Developer and the City, based on environmental reports by qualified professional consultants, reasonably estimate that the cost of remediating the Site in accordance with all Governmental Restrictions is One Hundred Thousand Dollars ($100,000.00) or less, then Developer shall pay for and cause the remediation of the Site with reasonable diligence and in accordance with Governmental Restrictions. Developer and the City shall work cooperatively to expeditiously determine the estimated costs of remediation.

b. If the cost of remediation exceeds One Hundred Thousand Dollars ($100,000.00), the City and Developer shall negotiate in good faith to identify the means and a method to pay the estimated costs of remediation. In the event the City and Developer are unable to identify funds to pay the costs of remediation after sixty (60) days of good faith negotiation (or such longer time as the Parties mutually determine), either Party may terminate this Agreement by providing a written notice of termination to the other Party. In such an event, Developer shall convey the Site to the City within five (5) days following the date of the notice of termination.

c. In the event that Developer discovers the presence of Hazardous Materials on, under or about the Site following the commencement or completion of the construction of Improvements and the presence of such Hazardous Materials are not caused by the City, Developer shall be responsible for the payment of all costs of remediation in accordance with Governmental Restrictions. Developer hereby waives its right to recover from and fully and irrevocably releases the City, and its respective council members, board members, employees, officers, directors, representatives, attorneys, and agents from any and all claims, responsibility and/or liability that Developer may have or hereafter acquire from the discovery of Hazardous Materials on, under or about the Site following the completion of the construction of the Improvements as evidenced by the issuance by the City of a temporary Certificate of Occupancy or Certificate of Occupancy, whichever is earlier.

c. The release set forth in this Section 3.7 includes claims (other than claims for the presence of Hazardous Materials on, under or about the Site prior to the Close of Escrow) of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release of the Released Parties. Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Developer agrees, represents and warrants that Developer

realizes and acknowledges that factual matters now unknown to Developer may have given or may hereafter give rise to causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees and represents that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right Developer and anyone claiming by, through or under Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

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

Developer's Initials:_____

e. Developer Precautions After Closing of Escrow.

Upon the Close of Escrow, Developer shall use commercially reasonable efforts to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Site. Such precautions shall include compliance with all governmental requirements with respect to Hazardous Materials.

f. City and Developer agree as follows with respect to the existence or use of Hazardous Material (as defined in this Agreement and Ground Lease) on the Site:

(i) Prohibition. Developer shall not cause or permit any Hazardous Material, other than normal and customary cleaning and janitorial supplies, to be brought upon, kept or used in or about the Site by Developer, its agents, employees, contractors, customers or invitees, without the prior written consent of City. If Developer breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Site caused or permitted by Developer results in contamination of the Site, or if contamination of the Site by Hazardous Material otherwise occurs for which Developer is legally liable to City of damage resulting therefrom, then, Developer shall indemnify, hold City harmless, and defend City (with counsel reasonably acceptable to City) from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in

value of the Site, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Site, damages arising from any adverse impact on marketing of the Site, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification of City by Developer includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under Site. Without limiting the foregoing, if the presence of any Hazardous Material on the Site caused or permitted by Developer results in any contamination of the Site, Developer shall promptly take all actions at Developer's sole expense as are necessary to return the Site to the condition existing prior to the introduction of any Hazardous Material to the Site; provided that City's approval of such actions shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Site.

(ii) Assignment. It is understood that under no circumstances shall City consent to any proposed assignment or sublease if (1) the assignee or sub-lessee's anticipated use of the Site involves the generation, storage, use, treatment or disposal of Hazardous Material, other than normal and customary cleaning and janitorial supplies; (2) the proposed assignee or sub-lessee has been required by any prior landlord, lender or governmental authority to take remedial action in connection with Hazardous Material contaminating a property if the contamination resulted from such assignee or sub-lessee's actions or use of the property in question; or (3) the proposed assignee or sub-lessee is subject to an enforcement order issued by any governmental authority in connection with the use, disposal or storage of a Hazardous Material.

(iii) Hazardous Materials Notices. California Health and Safety Code section 25349.7(a) requires any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property, prior to the lease or rental of that real property or when the presence of such release is actually known, to give written notice of that condition to the lessee or renter. California Health and Safety Code section 25359.7(b) requires any Developer of real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property to give written notice of such condition to the owners. Developer and City shall comply with the requirements of section 25359.7 and any successor statute thereto and with all other statutes, laws, ordinances, rules, regulations and orders of governmental authorities with respect to hazardous substances.

3.8 Escrow.

a. Opening of Escrow.

Developer and the City shall open Escrow with the Escrow Agent not later than ninety (90) Business Days prior to the scheduled Closing Date. The delivery to Escrow Agent of a duplicate original of this Agreement shall constitute the "Opening of Escrow" and the date of the Opening of Escrow shall constitute the "Opening Date." The Escrow Agent shall accomplish the recordation of the Memorandum of Ground Lease and the documents to be recorded pursuant to this Agreement as more particularly set forth herein. This Agreement constitutes the joint basic escrow instructions of the City and Developer with respect to the lease and conveyance of the Site by the City to Developer. The City and Developer shall provide such additional escrow instructions as are customary, consistent with this Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this Agreement, and Escrow Agent, upon indicating within five (5) Business Days after the Opening of Escrow its acceptance of the provisions of this Section 3.8 in writing delivered to the City and Developer, shall carry out its duties as Escrow Agent hereunder. In the case of any inconsistency between the Additional Escrow Instructions and this Agreement, the terms of this Agreement shall govern.

b. Closing Costs to be paid by Developer.

Together with Developer's deposit of the City Rent and any other deposits provided by this Agreement, Developer shall pay to the Title Company all fees, charges and costs of the Escrow promptly after the Title Company has notified Developer of the amount of such fees, charges and costs, prior to the Closing Date. Such fees, charges and costs shall include, but are not limited to, as follows:

(i) The escrow fee; and

(ii) Recording fees, if any, for the Memorandum of Ground Lease, the Regulatory Agreement, the Notice of Restrictions and/or any other instrument to be recorded against title to the Site by or for the benefit of Developer; and

(iii) Title policy of title insurance naming the City as the insured with liability not less than the fair market value of the Site, issued by an insurer satisfactory to the City, excepting only such defects, liens, encumbrances, and exceptions as are approved by the City, and containing such endorsements as the City may reasonably require.

c. Closing Costs to be paid by Other Parties.

Any other costs, expenses or fees of the Escrow not otherwise provided for in this Agreement shall be paid by the party who customarily pays for such costs in Los Angeles County.

d. Duty of Escrow Agent.

The Escrow Agent is authorized to:

(i) Pay and charge Developer, the City or other parties, as applicable, for its respective fees, charges and costs payable under this Section 3.8. Before such payments or charges are made, Escrow Agent shall notify the City and Developer of the fees, charges and costs necessary to close the Escrow;

(ii) Deliver the Ground Lease, Memorandum of Ground Lease, the Regulatory Agreement and other documents, including any applicable promissory notes and deeds of trust, to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the City and Developer;

(iii) Record any instruments delivered through this Escrow, if necessary or proper, to lease the Site, or the applicable portion thereof, to Developer in accordance with the terms and provisions of this Agreement.

If this Escrow is not in condition to close on or before the "Closing Date" (as defined in Section 3.9 of this Agreement), either Party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from Escrow Agent and the Title Company, if appropriate, the return of its money, papers or documents deposited with Escrow Agent and the Title Company. No demand for return shall be recognized until ten (10) calendar days after Escrow Agent shall have mailed copies of such demand to the other Party at the address of its or their principal place of business and such other Party shall have failed to have taken the action required by that Party to effectuate the Close of Escrow within such ten (10) calendar day period. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other Party within the ten (10) calendar day period described above, in which event Escrow Agent and the Title Company are authorized to hold all money, papers and documents with respect to the Site, or the affected portion thereof, until instructed by mutual agreement of the Parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

Neither Escrow Agent nor the Title Company shall be obligated to return any such money, papers or documents, except upon the written instructions of the City and Developer or until the Party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendment to these Escrow instructions shall be in writing and signed by both the City and Developer. At the time of any amendment, Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from Escrow Agent to the City or Developer shall be directed to the addresses and in the manner established in Section 12.2 of this Agreement for notices, demands and communications between the City and Developer.

e. Title Review. Within the time provided in the applicable Schedule of Performance, Developer shall cause the Escrow Holder to deliver to the Developer and the City the Title Report(s) with respect to the title of the Site, together with legible copies of the documents underlying the exceptions (the "Exceptions") set forth in the Title Report(s). Within the time specified in the applicable Schedule of Performance, Developer shall have approved or disapproved the Exceptions. If Developer disapproves the Exceptions, then Developer may terminate this Agreement (Section 10.8, no fault termination provision) or Developer may provide written disapproval of such Exceptions to the City, and the City shall have until the date selected for each Close of Escrow to cure or remove each disapproved Exception. In the event the City is unable to cure to Developer's reasonable satisfaction, or remove, the disapproved Exceptions prior to Close of Escrow, Developer shall have the right to terminate this Agreement pursuant to Section 10.8 (no fault termination provision). Developer's failure to disapprove title to the Site within ninety (90) days prior to the Close of Escrow shall be deemed approval of such condition of title. In the event any new Exceptions appear on a Title Report after delivery of the initial Title Report and prior to the Close of Escrow, and (a) Developer disapproves of such Exception and (b) the City is unable to remove or cure such Exception to Developer's reasonable satisfaction prior to the Close of Escrow, then Developer shall have the right to terminate this Agreement pursuant to Section 10.8 (no fault termination provisions.) Upon Developer's approval of the state of title to the Site, Developer shall have no right to terminate this Agreement on account of the condition to title to the Site, except as provided herein.

3.9 Close of Escrow.

a. Subject to any extensions of time mutually agreed upon in writing between the City and Developer, the conveyance of leasehold interest to Developer pursuant to the Ground Lease shall be completed upon the occurrence of all of the following (the "Closing Date") (i) not sooner than the satisfaction of all Conditions Precedent to the Close of Escrow set forth in Section 3.1 of this Agreement; and (ii) not later than the date specified for the scheduled Closing Date in the Schedule of Performance.

b. The HCID General Manager or his/her designee, is authorized to approve one or more reasonable extensions to the Closing Date, from time to time (each such extension not to exceed twenty (20) Business Days), so long as: (i) such extension

is in writing, executed by the HCID General Manager or designee; (ii) the HCID General Manager or designee determines in writing, on the basis of reasonable documentation provided by Developer, that Developer is diligently attempting to satisfy or cause the satisfaction of any outstanding Condition Precedent; and (iii) the extension does not exceed six (6) months from the Closing Date set forth in the Schedule of Performance. Notwithstanding anything to the contrary, Close of Escrow shall not occur without a reasonable expectation that construction of the Improvements will commence within one hundred eighty (180) Business Days after the Close of Escrow.

3.10 Recordation of Documents.

Unless instructed otherwise in writing by the City and Developer, Escrow Agent shall record or cause to be recorded in the Office of the County Recorder of Los Angeles County, California, in the following order, the following instruments: (a) the Memorandum of Ground Lease; (b) the Regulatory Agreement; (c) the Notice of Affordability Restrictions; (d) Security Financing Interests, if any, to be recorded in connection with the ground lease; and (e) Security Financing Interests to be recorded in connection with any Third Party Loan and any other Residual Receipts Loan.

ARTICLE 4. METHOD OF FINANCING

4.1 Total Development Costs.

The parties estimate that the Total Development Costs will be as set forth in the Project Budget, to be financed as set forth in Developer's Financing Plan for the Project.

4.2 Construction Period Financing.

The Parties anticipate that construction period financing (after Close of Escrow) will be provided from a combination of loans and equity, including but not limited to the following:

a. Construction Loan. One or more construction or construction/permanent loans (each, a "Construction Loan" and collectively, the "Construction Loans") derived from the issuance of Tax-Exempt Mortgage Revenue Bonds and disbursed by a bank or other lender approved in advance by HCID General Manager or designee ("Construction Lender") in the approximate original principal amount set forth in the "Construction" sources column in the Project Budget. It is anticipated that disbursements of the Construction Loan shall be subject to a process for the City review of Construction Lender disbursements, to be negotiated and provided in an Intercreditor Agreement, if any, to which the City and the Construction Lender will be parties. It is anticipated that the Construction Loan will be disbursed to pay Development Costs and

reduced to the amount set forth in the "Permanent" sources column in the Project Budget, after the conversion of the Construction Loan in accordance with its terms.

b. Developer Equity. Equity from the Developer (the "Developer Equity"), consisting of the following:

(i) Funds in an amount set forth in the Project Budget , to be provided by the Tax Credit Equity Investor, derived from Low Income Housing Tax Credits, Historic Tax Credits and other applicable tax credits ("Investor Member/Partner Capital Contribution"), which shall be disbursed in one or more installments as provided in Developer's Amended and Restated Partnership Agreement; and

(ii) A deferred portion of the Developer Fee, in the amount set forth in the Project Budget (the "Deferred Developer Fee"), constituting that portion of the Developer Fee to be paid to Developer from Revenue, before calculating Residual Receipts.

(iii) Developer Equity Contribution made directly to the project by the Developer that is not part of the deferred developer fee or a tax credit investor equity contribution. The Developer Equity Contribution can only be repaid through the Developer's share of residual receipts; the Developer Equity Contribution will not be secured by a promissory note; and the Developer Equity Contribution can only be repaid upon sale/transfer of the Project after the Acquisition Loan is repaid in full.

Developer shall be responsible for providing or securing any additional funds which may be needed to pay for cost overruns and contingencies not otherwise funded by the sources of Construction Financing described above.

Developer Equity described in this paragraph b. shall consist of funds provided by Developer, or borrowed funds, as long as repayment is not secured by any deed of trust on the Site.

4.3 Permanent Sources of Financing.

The Parties anticipate that permanent financing will be provided from a combination of loans and equity, including but not limited to the following:

a. One or more permanent loans or construction loans that convert to permanent loans (each a "Permanent Loan" and collectively the "Permanent Loans") in the original principal amount as set forth in the Project Budget, secured by one or more Third Party Lender deeds of trust (the beneficiaries of which shall include the Permanent

Lender, any credit enhancer or permanent financing guaranty facility, referred to herein collectively as the "Third Party Permanent Lenders", and, together with the Third Party Construction Lenders, described above, referred to as the "Third Party Lenders").

b. Developer Equity, as described in subsection 4.2(b), above.

c. Developer Deferred Developer Fee.

d. Other funding sources such as Measure HHH, Multifamily Housing Program (MPH), Mental Health Services Act (MHSA), Affordable Housing Sustainable Communities (AHSC), Infill Infrastructure Grant (IIG), and Project Based Vouchers (PVB).

ARTICLE 5. SCOPE OF DEVELOPMENT/DESIGN REQUIREMENTS.

5.1 Design in Conformance with Scope of Development, Residential Citywide Design Guidelines and Approved Project Documents.

a. In designing and constructing the Project, the Developer shall cause all Project Documents to be consistent with the Scope of Development and City's Multifamily Housing Design Guidelines, and requirements of the HHH Loan Agreement for the Project, if any, unless otherwise approved by the City. The Scope of Development shall establish the baseline design standards from which the Developer shall prepare all subsequent Project Documents.

b. As required by the Scope of Development, the Developer shall follow the Environmentally Responsive Design guidelines and Sustainable Building Methods section established in HCID Architectural Design Guidelines of (March 19, 2007) and consistent with TCAC Regulation's Minimum Constructions Standards requirements adopted on May 17, 2017, as well as the latest California Energy Commission requirements which are reflected in the Building Codes (in particular Volume 3, Green Building Code) and with which all projects must comply according to their project type.

5.2 City Review.

The City shall not be responsible for any aspects of Developer's conduct in connection with the Project, including, but not limited to, the quality and suitability of the Project Documents, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the City with reference to the Project is solely for the purpose of determining whether the Developer is properly discharging its obligations to the City, and shall not be relied upon by the Developer or by any third parties as a warranty or representation by the City as to the quality of the design or construction of the Project.

ARTICLE 6. CONSTRUCTION OF THE IMPROVEMENTS.

Except for Section 6.6 (Relocation), if applicable, the provisions of this Article 6 are intended to apply only after the Close of Escrow, if at all.

6.1 Commencement of Construction.

The Developer shall commence construction of the Improvements within the time set forth in the Schedule of Performance.

6.2 Completion of Construction.

The Developer shall prosecute to completion, with diligence that is reasonable under all the circumstances, the construction of the Improvements, and shall complete or cause to be completed the construction of the Improvements within the time set forth in the Schedule of Performance. As between the City and the Developer, the Developer shall be solely responsible for the construction of the Improvements.

6.3 Construction Pursuant to Scope and Plans.

a. The Developer shall construct the Improvements in accordance with the Scope of Development, the approved Final Construction Drawings, and the terms and conditions of all City approvals and any other governmental approvals.

b. Any proposed material variation from the previously approved Final Construction Drawings shall be submitted to the HCID General Manager or designee for written approval. HCID shall approve or disapprove a proposed material variation within fifteen (15) Business Days after receipt by HCID. If HCID rejects the proposed material change, then HCID shall provide the Developer with the specific reasons therefor, and the approved Final Construction Drawings shall continue to control. For purposes of this Section 6.3, a material variation from the previously approved Final Construction Drawings shall consist of any of the following: (1) any change in building materials or equipment, specifications, or the architectural, functional or structural design of the Improvements that is of lesser quality, durability or appearance or which does a poorer job of meeting the City's urban planning and design objectives as set forth in the Scope of Development; (2) any change (increase or decrease) that cumulatively exceeds ten percent (10%) of the budgeted cost of any one line item at any time; or (3) any set of changes (increase or decrease) that cumulatively exceeds ten percent (10%) of the hard cost budget.

c. Developer shall comply with all orders to comply with building codes and other governmental health and safety regulations. Any change from Approved Final Construction Drawings which is required for compliance with building codes or other government health and safety regulations shall not be deemed a material change for

purposes of Section 5.5 and this Section 6.3. However, the Developer shall submit to HCID any proposed change that is required for such compliance as soon as possible, but in any event prior to the commencement of any such work, and such change shall become a part of the approved Final Construction Drawings, binding on the Developer. Any increase in Total Development Costs resulting from any such change shall be the obligation of Developer. The City shall have the right in its sole discretion, but not the obligation, to impose conditions on Developer's performance of any such changes that are reasonable in light of all the circumstances.

d. Throughout the construction of the Improvements, the City shall have the right in its discretion, but not the obligation, to inspect the Site as provided in Section 6.10 of this Agreement, and, to the extent permitted by any Inter-creditor Agreement, to review and provide comments to other lenders regarding the disbursement of construction sources of financing.

6.4 Certificate of Completion.

a. Within ten (10) Business Days after written request by Developer following Completion of construction in accordance with the Scope of Development and Final Construction Drawings (as the same may have been revised with the written approval of the HCID General Manager or designee pursuant to Section 6.3 of this Agreement), and (if applicable) upon Developer's obtaining a certificate of occupancy or temporary certificate of occupancy from the City, the City shall deliver to Developer a Certificate of Completion.

a. The City shall not unreasonably withhold a Certificate of Completion but shall not be obligated to issue such Certificate until construction of the Improvements has been completed in accordance with all the terms of this Agreement. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory Completion of the Improvements meeting the requirements of Article 5 and Sections 6.1 through 6.3, inclusive, of this Agreement. In the event any requirements of this Agreement relating to the construction of the Improvements, including, but not limited to any requirements of this Article 6, have not been fully satisfied by Developer as of the date of Developer's request for a Certificate of Completion, the HCID General Manager or designee may deny Developer's request for a Certificate of Completion or issue the Certificate of Completion subject to such conditions subsequent as the HCID General Manager or designee may deem necessary to ensure full satisfaction with all the requirements of this Agreement.

c. The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County. If the City fails to deliver the Certificate of Completion within ten (10) Business Days after written request from Developer, HCID shall provide Developer with a written statement of its reasons (the "Statement of Reasons") within that ten (10)-Business Day period. The statement shall

also set forth the actions Developer must take to be entitled to obtain the Certificate of Completion. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called "punch list" items identified by HCID, HCID shall issue the Certificate of Completion upon the delivery of a bond or letter of credit by Developer with the City in an amount representing the City's estimate of the cost to complete the work, or other security deemed sufficient by HCID's General Manager or designee to ensure completion of the work. Notwithstanding any other provision of this Agreement, the failure by the City to issue a Certificate of Completion within any period of time after request by Developer shall not be deemed to constitute the City's concurrence that construction of the Improvements has been completed as required by this Agreement.

d. Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Senior Lender, or any insurer of a mortgage securing money loaned to finance the Improvements, or any other person or entity. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code. Such Certificate of Completion shall not be deemed to constitute completion or satisfaction of any obligations of the Developer under the City Development Documents, except those set forth in Article 5 and Sections 6.1 through 6.3 of this Agreement.

e. As a condition of issuance of the Certificate of Completion, Developer's CASP shall certify that the Project has been constructed in compliance with all applicable disabled access requirements as of the date of the Project's completion (when the last certificate of occupancy is issued by the City).

6.5 Compliance with Applicable Law and City Policies.

The Developer shall cause all work related to construction of the Improvements to be performed in compliance with: (a) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the prevailing wage provisions of Sections 1770 et seq. of the California Labor Code); (b) all applicable directives, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction; (c) all applicable disabled access requirements; and (d) all applicable City policies that are effective as of the Effective Date of this Agreement, provided the Parties may make later-adopted City policies applicable to the Project by their mutual approval of an amendment to this Agreement specifically incorporating such policies. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer shall be responsible for the procurement and maintenance of such documents required of Developer and of all entities engaged in Project work at the Site.

6.6 Relocation.

a. If and to the extent disposition of the leasehold interest in the Site or any aspect of development or operation of the Project results in the permanent or temporary displacement of any occupants of the Site, the following shall apply: (1) Developer shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits (collectively referred to as the "Relocation Laws"); and (2) Developer shall be solely responsible for payment of any relocation benefits (if any) to any displaced persons and any other obligations (if any) associated with complying with the Relocation Laws, including, but not limited to, moving assistance, rent vouchers and the cost of a relocation consultant selected by the City. If the Developer is determined by a court of competent jurisdiction or any government agency to be in violation of any Relocation Laws as described in this section, the City may, in its sole discretion, declare Developer to be a "non-responsible Contractor" pursuant to the City's Policy on Contractor Responsibility (Exhibit 1 of Part II of Exhibits), and ineligible to apply for any future City contracts or financial assistance. Developer also hereby agrees to indemnify, defend and hold the City harmless from any and against any and all claims and liabilities arising directly or indirectly as a result of or in connection with the breach of Developer's obligations set forth in this Section 6.6. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the City Rent and lease related debts pursuant to this Agreement, Ground Lease, and City Development Documents, reconveyance of the City Leasehold Deed of Trust, if any, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

b. If applicable, Developer shall submit the Relocation Plan to the City for review and approval, and Developer hereby acknowledges that City has approved a Relocation Plan for the Site (the "Relocation Plan"). Developer agrees to perform all of the obligations to be performed by Developer and comply with the terms and conditions of the Relocation Plan.

6.7 Construction Signs.

Prior to the commencement of construction, the Developer shall prepare and post on the Site construction signs in accordance with the City's sign standards. The construction signs shall identify the Project as one that is being assisted by the City and shall recognize, at a minimum, the Mayor of the City of Los Angeles, the City Council Member for the Council District in which the Project is located, and the HCID General Manager. The construction signs shall be erected on the Site such that they are reasonably visible to the public throughout the construction period.

6.8 Publicity.

Any publicity generated by Developer for the Project shall make reference to the contribution of HCID in making the Project possible. The words "Housing and Community Investment Department of the City of Los Angeles (HCID)" shall be prominently displayed in any and all pieces of publicity, including but not limited to flyers, press releases, posters, signs, brochures, public service announcements, interviews and newspaper articles. Developer further agrees to cooperate with authorized staff and officials of HCID in any HCID-generated publicity or promotional activities undertaken for the Project.

6.9 Progress Reports.

Until a Certificate of Completion has been issued by the City, the Developer shall: (a) provide HCID with periodic progress reports on the Project's construction status; and (b) attend status conferences relating to construction and/or compliance with City policies and City ordinances and the conditions of this Agreement. Such conferences shall occur as reasonably requested by the City, but not more often than monthly.

6.10 Entry onto the Site by the City.

Until a Certificate of Completion has been issued by the City, the Developer shall permit the City Representatives to enter the Site at all reasonable times and upon reasonable notice to: (a) inspect the construction work and determine if it conforms with the Scope of Development, the approved Final Construction Drawings and the Project Budget; or (b) inspect the Site for compliance with this Agreement. Except in the event of inspections regarding safety or compliance with City policies and City ordinances, reasonable notice shall mean at least 48 hours written notice. The City shall be under no obligation to (aa) supervise construction, (bb) inspect the Site or (cc) inform the Developer of information obtained by the City during any inspection. The Developer shall not rely upon the City for any supervision or inspection. The rights granted to the City pursuant to this section are in addition to any rights of entry and inspection the City may have in exercising its municipal regulatory authority.

6.11 Mechanics' Liens.

Developer shall promptly pay when due all amounts payable for labor and materials furnished in the performance of the Project so as to prevent any lien or other claim under any provision of law from arising against the City or the Site (including reports, documents, and other tangible or intangible matter produced by Developer related to the Project), against Developer's rights to payments hereunder, or against the City, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

The Developer shall indemnify the City and hold the City harmless against and defend the City in any proceeding related to any mechanic's lien, stop notice or other claim brought by a subcontractor, laborer or material supplier who alleges having supplied labor or materials in the course of the construction of the Project by the Developer. This

indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of City Rent, termination of Regulatory Agreement, withdrawal of Notice of Affordability Restrictions and the termination of this Agreement.

6.12 Non-Discrimination During Construction; Equal Opportunity.

The Developer, for itself, its successors and assigns, and transferees agrees that in the construction of the Project provided for in this Agreement:

a. The Developer shall not discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, disability, actual and perceived, medical condition, age, marital status, transgender status, sex, sexual orientation, Acquired Immune Deficiency Syndrome (AIDS), actual or perceived, or retaliation for having filed a discrimination complaint or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, as such provisions may be amended from time to time (collectively, the "Nondiscrimination Factors"). The Developer shall take affirmative steps to ensure that applicants are employed by the Developer, and that its employees are treated without regard to the Nondiscrimination Factors during employment including, but not limited to, activities of: upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein.

b. The Developer shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Agreement, the Developer shall not discriminate in its employment practices, including compensation, against any employee, or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency syndrome (AIDS), acquired or perceived citizenship, political affiliation or belief. The Developer shall comply with Executive Order 11246, entitled “Equal Employment Opportunity”, as amended by Executive Order 11375, 11478, 12086, and 12107 and as supplemented in the Department of Labor regulations (41 CFR Part 60).

c. Unless otherwise exempt, this Agreement is subject to the non-discrimination provisions in Section 10.8 through 10.8.2 of the Los Angeles Administrative Code as amended from time to time. The Developer shall and shall cause all contractors and subcontractors to comply with the applicable non-discrimination and

affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Agreement, Developer, its contractors and/or subcontractors shall not discriminate in its employment practices, including compensation, against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, domestic partner status, marital status, pregnancy, childbirth and related medical conditions, citizenship and political affiliation or belief. The Developer shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by City. Any contract or subcontract entered into by Developer to the extent allowed hereunder, shall include a like provision for work to be performed under this Agreement.

Failure of the Developer to comply with this requirement or to obtain the compliance of its contractors or subcontractors with such obligations shall subject the Developer to the imposition of any and all sanctions allowed by law, including but not limited to termination of the Developer's contract with the City.

d. The Developer shall ensure that its solicitations or advertisements for employment are in compliance with the aforementioned Nondiscrimination Factors; and

e. The Developer shall insert the foregoing provisions in all contracts for the construction of the Project entered into by the Developer after the Effective Date of this Agreement and ensure that its General Contractor shall insert the foregoing provisions in the General Contractor's subcontracts; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

f. For purposes of this Section 6.12, the term "Developer" shall mean and include the Developer and the Developer's General Contractor and subcontractors of any tier engaged by Developer in the construction of the Project.

6.13 Affirmative Outreach in Contracting Procedures and Employment, Including Utilization of Project Area, Minority, Women and Other Businesses and Persons.

a. Use of Disadvantaged and Local Businesses. The parties hereby acknowledge that California Health and Safety Code Section 33422.1 provides: "To the greatest extent feasible, contracts for work to be performed in connection with any redevelopment project shall be awarded to business concerns which are located in, or owned in the substantial part by persons residing in, the project area." Therefore, in

consideration of the assistance provided to the Project by the City, Developer hereby agrees:

(i) To the greatest extent feasible, Developer shall seek out and award and require the award of contracts and subcontracts for development of the Site to contracting firms which are located or owned in substantial part by persons residing in the Redevelopment Project Area, and to promote outreach to minority-owned, women-owned and other businesses. This requirement applies to both the construction and operation of the Improvements.

(ii) This paragraph shall require significant efforts of the Developer and its contractors but shall not require the hiring of any person unless such person has the experience and ability, and, where necessary, the appropriate trade union affiliation, to qualify such person for the job.

b. Employment of Project Area Residents. The Parties hereby acknowledge that California Health and Safety Code Section 33422.3 provides: "To insure training and employment opportunities for lower-income project area residents, the agency may specify in the call for bids for any contract over one hundred thousand dollars ($100,000) for work to be performed in connection with any redevelopment project that project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen needed to execute the contract or work." Therefore, in consideration of the assistance provided to the Project by the City, Developer agrees as follows:

(i) Developer shall in all general contracts for the construction of the Improvements (and its contractors shall in all subcontracts thereunder), require that to the greatest extent feasible, the labor force in all categories be comprised of residents of the Redevelopment Project Area; and

(ii) Developer and its contractors shall be subject to and shall comply with the terms of the Standard City Contracting Requirements, with all amendments thereto. Developer hereby agrees to the terms of these requirements and shall ensure that its General Contractor agrees to these terms.

c. Community Outreach Plan. Developer acknowledges that it is the policy of the City to promote the economic advancement of minorities and women as well as other economically disadvantaged persons through employment and the award of contracts and subcontracts in redevelopment project areas, and to provide Minority-owned Business Enterprises ("MBE"), Women-owned Business Enterprises ("WBE") and all other business enterprises ("OBE") with an equal opportunity to compete for and

participate in the performance of City-assisted contracts. To carry out such policy, Developer agrees to comply with this Section 6.13.c. as follows:

(i) Submission of Plan: By the date set forth in the Schedule of Performance, the Developer and Developer's development team (including at a minimum, the General Contractor and Project Architect) shall meet with the City's Office of Audits and Compliance to hold a preconstruction meeting, to establish Project procedures, determine progress towards preliminary construction requirements, review City and other governmental policies and requirements and delineate the roles and responsibilities of Project participants. During the preconstruction meeting, the Developer shall be provided with the policies and procedures of the City regarding prevailing wage requirements and MBE, WBE and OBE outreach efforts, including the development of a community outreach plan (containing the items described in paragraph c.(2), below). At the preconstruction meeting, HCID shall provide to the Developer samples of community outreach plans which have been approved by the City. Prior to commencing construction, the Developer shall submit to the HCID General Manager or his/her designee, for approval or disapproval, a community outreach plan for the Project (the "Community Outreach Plan"), as part of the Community Benefits Plan for the Project. The Community Outreach Plan shall set forth the methods the Developer shall use to comply with this Section 6.13. Upon receipt of the Community Outreach Plan, the City shall, within twenty (20) Business Days, approve or disapprove the Community Outreach Plan, or provide to the Developer a statement of actions required to be taken in order for the Community Outreach Plan to be approved. If the City fails to respond within such twenty (20) Business Day period, the Community Outreach Plan shall be deemed disapproved by the City. The Developer shall not commence construction unless the Community Outreach Plan has been approved by the City.

(i) Contents of the Community Outreach Plan: The Community Outreach Plan shall include, at a minimum:

(1) Estimated total dollar amount (by trade) of all contracts and subcontracts to be let by the Developer or its General Contractor for the Improvements;

(2) List of all proposed contractors to be awarded a contract by the Developer or the General Contractor;

(3) Estimated dollar value of all proposed contracts;

(4) Evidence of Minority and Women Business Enterprise ("M/WBE") Certification of all firms listed as an MBE or WBE in the Community Outreach Plan. Firms purporting to be M/WBE do not require M/WBE Certification if their contract amount is less than Twenty Five Thousand Dollars ($25,000). Any firm for which the contract amount exceeds Twenty Five Thousand Dollars ($25,000) and which is not certified by the City of Los Angeles may not be considered an MBE or WBE for purposes of this Agreement;

(5) Developer agrees and shall cause any contractors and subcontractors for the Project to agree and obligate itself to utilize the services of Minority, Women and Other Business Enterprise firms on a level so designated in its proposal, if any. Developer certifies and shall cause any contractors and subcontractors to certify that it has complied with Mayoral Directive 2001-26 regarding contracts greater than $100,000 (One Hundred Thousand Dollars), if applicable. Developer shall not change any of these designated contractors or subcontractors, nor shall Developer reduce their level of effort, without prior written approval of the City.

(6) Description of the actions to be taken to meet the project area resident and business utilization objectives; and

(7) Such other information and documentation with respect to the foregoing objectives as the City may reasonably deem necessary.

d. General Information. During the construction of the Improvements, the Developer shall provide to the City such information and documentation as reasonably requested by the City to carry out this Section 6.13. The Developer shall monitor and enforce the affirmative outreach and equal opportunity requirements set forth in this Agreement. In the event the Developer fails to monitor or enforce these requirements, the City may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

6.14 Cost of Development.

Developer shall bear all costs and expenses incurred in connection with the construction and maintenance of all Improvements, including, without limitation, all costs incurred in connection with the investigation, leasehold interest conveyance and preparation of the Site for development, all off-site improvements, building and Developer fees, and all costs of investigation, leasehold interest conveyance and/or preparation of any Project Documents or other submissions made by Developer pursuant to this Agreement. Developer shall pay when due, and shall cause its General Contractor to pay

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when due, all valid invoices for materials, equipment, labor and services incurred in connection with the development of the Project.

6.15 Prevailing Wages.

a. The Developer shall pay or cause to be paid to all workers employed in connection with the development of the Improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to City public work contracts, including without limitation Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1781 of the California Labor Code. Copies of the currently applicable per diem prevailing wages are available from the HCID at 1200 West 7th Street, 8th Floor, Los Angeles California 90017. During the construction of the improvements, Developer shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages. The Developer shall and shall cause the contractors and subcontractors to submit data and documents related to prevailing wage by using the LCP Tracker or comparable HCID-approved program. The fee for the LCP Tracker, or comparable HCID-approved program, will be in the amount equal to Three Hundredth Percent (0.03%) of the total construction cost to be paid in full within 30 days from the execution of this Agreement.

b. If the construction work covered under this Agreement is financed in whole or in part with assistance provided under a program of the U.S. Department of Housing and Urban Development or some other source of federal funding, the Developer shall comply with or cause its General Contractor and all subcontractors to comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.). The Davis-Bacon Act requires the payment of wages to all laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations as described in the Federal Labor Standards Provisions (HUD-4010). In the event both State Prevailing wages and Davis-Bacon Act wages shall be required, all works shall be paid at the higher of the two wage rates.

c. Prior to the commencement of construction, and as soon as practicable in accordance with the Schedule of Performance, the Developer shall contact the City to schedule a preconstruction orientation meeting with the Developer and with the General Contractor to explain such matters as the specific rates of wages to be paid to workers in connection with the development of the Improvements, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of the Developer's compliance with this Section 6.15.

d. Developer shall monitor and enforce the prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that Developer fails to monitor or enforce these requirements against any contractor or subcontractor, Developer shall be liable for the full amount of any underpayment of

wages, plus costs and attorneys' fees, as if Developer was the actual employer, and the City or the State Department of Industrial Relations may withhold monies owed to the Developer, may impose penalties on Developer in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

e. Any contractor or subcontractor who is at the time of bidding debarred by the Labor Commissioner pursuant to Section 1777.1 of the California Labor Code is ineligible to bid on the construction of the Improvements or to receive any contract or subcontract for work covered under this Agreement. The Developer agrees to include, or cause to be included, this paragraph (e) in all bid specifications for work covered under this Agreement.

f. Any contractor or subcontractor who, at the time of the date of this Agreement, is listed in the Lists of Parties Excluded From Federal Procurement or Nonprocurement Programs issued by the U.S. General Services Administration pursuant to Section 3(a) of the Davis-Bacon Act is ineligible to receive a contract for work covered under this Agreement, if the covered work is Federally funded in whole or in part.

g. Any contractor or subcontractor that is at the time of bidding debarred or declared non-responsible under the City's Contractor Responsibility Ordinance is ineligible to bid on the construction of the Improvements or to receive any contract or subcontract for work covered under this Agreement. Developer agrees to include, or cause to be included, this paragraph (g) in all bid specifications for work covered under this Agreement.

h. Developer agrees to include, or cause to be included, the above provisions in all bid specifications for work covered under this Agreement.

i. Developer shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the improvements or any other work undertaken or in connection with the Site. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the City Rent and any debts to the City pursuant to this Agreement, Ground Lease, and City Development Documents, reconveyance of the City Leasehold Deed of Trust, if any, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

j. For purposes of this Section 6.15, the terms "contractor" and "subcontractor" shall have the meaning set forth in the City Prevailing Wage Policy.

ARTICLE 7. USE OF THE SITE AND DEVELOPER OBLIGATIONS DURING AND AFTER CONSTRUCTION

7.1 Uses.

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that Developer, such successors and such assignees shall use the Site only for the uses specified in the Redevelopment Plan, this Agreement (including the Scope of Development), and the Regulatory Agreement. No change in the use of the Site shall be permitted without the prior written approval of the City.

7.2 Affordability.

The Developer hereby agrees that, for the term of the Regulatory Agreement, the Affordable Units within the Improvements shall be used only for residential uses consistent with the Regulatory Agreement. All of the housing units in the Project (other than the resident manager's unit) shall be made available and rented exclusively to Eligible Households in the income categories and at rents that do not exceed the respective affordability levels set forth in the Regulatory Agreement. In the event the Project contains both Affordable Units and dwelling units that are unrestricted as to rents and incomes, the Affordable Units shall to the maximum extent feasible be comparable to unrestricted units with the same number of rooms, in terms of size, location and amenities.

7.3 Allowable Rent.

For the term of the Regulatory Agreement, Developer shall not charge rent for an Affordable Unit that exceeds the applicable Affordable Rent for the income level of a Household that is eligible to rent that Affordable Unit (i.e., rent for a Moderate Income Unit shall not exceed a Moderate Income Rent, etc.), as set forth more specifically in the Regulatory Agreement.

7.4 Maintenance of the Site.

At all times after the Close of Escrow and prior to the completion of construction, Developer shall secure and maintain the Site or cause the Site to be secured and maintained in a safe, neat and orderly condition to the extent practicable and in accordance with industry health and safety standards for construction sites. Upon and at

all times after completion of construction, the Project shall be well maintained as to both external and internal appearance of all buildings, landscaping, common areas, and parking areas, conforming to the best practices of operators of comparable City-assisted affordable housing, and the requirements set forth in the Regulatory Agreement, if any, for the term of that agreement.

7.5 Management Requirements.

a. Operations and Maintenance. For the term of the Regulatory Agreement, Developer shall operate and maintain the Project in accordance with all applicable federal, state and local laws and rules, in conformance with the best practices of operators of comparable City-assisted affordable housing and the management requirements set forth in the Regulatory Agreement, and provide for the operation of the Project in a manner satisfactory to the City pursuant to the Management Plan (defined in the Regulatory Agreement). Not later than the time specified in the Schedule of Performance, the Developer shall submit to the HCID General Manager or designee for written approval, a Management Plan for the Project. The Developer shall submit the Management Plan and all necessary supporting information in such time to permit the HCID General Manager or designee to approve, disapprove or comment on the Management Plan twenty (20) Business Days prior to the completion of construction. The Management Plan, including such amendments as may be approved by the HCID General Manager or designee, shall remain in effect for the term of the Ground Lease or the term of the Regulatory Agreement, whichever is longer.

b. Just Cause Evictions. Developer shall include the following provision in all Developer leases and rental agreements for the Project:

> "Owner may not terminate the tenancy or refuse to renew this lease or rental agreement except for good cause. The term "good cause" shall mean a serious or repeated violation of the material terms and conditions of the lease, or a violation of applicable federal, state or local law. To terminate the tenancy or refuse to renew the lease, Owner must provide written notice to the Developer of the grounds with sufficient specificity to enable to the Developer to prepare a defense. The notice must be served at least three Business Days before the termination of tenancy, and must comply with all requirements of California law and other applicable programs. Developer has the right to enforce this requirement in state court, including presenting a defense to any eviction action brought by Owner."

7.6 Obligation to Refrain from Discrimination.

a. Developer covenants and agrees for itself, its successors and its assigns in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or persons on any basis listed in subdivision (a) or

(d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All deeds, leases, or contracts for the sale, lease, sublease, or other transfer of the Site shall contain or be subject to the nondiscrimination or non-segregation clauses hereafter prescribed.

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

7.7 Form of Nondiscrimination and Nonsegregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Site as provided in Section 7.6, above. All deeds, leases or contracts for the sale, lease, sublease, or other transfer of the Site entered into after the date on which this Agreement is executed by the City shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. (1) In deeds the following language shall appear--"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Developers, lessees, sub Developers, sub-lessees, or vendees in the Site herein conveyed. The foregoing covenants shall run with the land."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

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b. (1) In leases the following language shall appear--"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Site herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Developers, lessees, sub-lessees, sub Developers, or vendees in the Site herein leased."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

c. In contracts entered into by the City relating to the sale, transfer, or leasing of land or any interest therein acquired by the City within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

7.8 Barriers to the Disabled.

a. Compliance with all Accessibility Requirements. Developer shall comply with all applicable requirements of state, local and federal rules, laws and regulations relating to accessibility and reasonable accommodations for persons with disabilities, including, without limitation, the following to the extent any are applicable to the Project: Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794 and implementing regulations at 24 CFR Part 8); the Americans with Disabilities Act (42 U.S.C. Sections 12131 *et seq*. and 12181 *et seq*., and implementing regulations at 28 CFR Parts 35 and 36); the Fair Housing Act (42 U.S.C. Section 3601 *et seq*., and implementing regulations at 24 CFR Part 100); the Fair Employment and Housing Act (California Government Code Section 12926); and Title 24 of the California Building Code. Without limiting the generality of the foregoing,

(i) residential and nonresidential projects that involve new construction or rehabilitation of existing buildings and that are financed in whole or in part with federal funds (e.g. CDBG, HOME) shall comply with all applicable requirements of Section 504 of the Rehabilitation Act of 1973 and all other applicable requirements;

(ii) projects that receive City or other nonfederal sources of funding shall comply with all applicable requirements of the Americans with Disabilities Act, the Fair Housing Act, the Fair Employment and Housing Act, Title 24 of the California Building Code, and all other applicable requirements;

(iii) commercial structures, and common areas and public use areas in residential projects, shall comply with all applicable requirements of the Americans with Disabilities Act, Title 24 of the California Building Code and all other applicable requirements.

Developer shall ensure that construction plans submitted for review by the City comply with all applicable requirements of law and that Project construction is carried out in conformity with approved plans.

b. ADA Certification. Developer hereby certifies as follows:

(i) Developer is in compliance with and shall continue to comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq. and its implementing regulations.

(ii) Developer shall provide for reasonable accommodations to allow qualified individuals with disabilities to have access to and participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act.

(iii) Developer shall not discriminate against persons with disabilities nor against persons due to their relationship or association with a person with a disability.

(iv) Developer shall require that the language of this Section 7.8 be included in the award documents for all sub-awards at all tiers (including subcontracts, and contracts under grants, loans and cooperative agreements) and that all subcontractors shall certify and disclose accordingly.

(v) The certification set forth in this Section is a material representation of fact upon which reliance was placed when the Parties entered into this transaction.

7.9 Effect and Duration of Covenants.

The covenants established in this Agreement shall run with the land, without regard to technical classification and designation, and shall be for the benefit and in favor of and enforceable against the original Developer and successors in interest by the City. The covenants described in this Article 7 shall commence upon execution of this Agreement, shall be set forth in the Regulatory Agreement and shall remain in effect for the respective periods specified therein.

7.10 Regulatory Agreement.

Prior to the Close of Escrow and execution of the Ground Lease, Developer and City shall execute the Regulatory Agreement and the Notice of Affordability Restrictions, which shall be recorded against the Site upon the Close of Escrow. The Regulatory Agreement shall have a term of not less than 55 years from the Certificate of Occupancy (COO).

7.11 Monitoring.

a. The parties acknowledge that this Agreement is subject to the provisions of Section 33418(a) of the California Health and Safety Code, which provides in pertinent part:

> "An Agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an Agency shall require owners or managers of the housing to submit an annual report to the Agency. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants... The income information required by this section shall be supplied by the Developer in a certified statement of a form provided by the Agency."

b. Developer, on behalf of itself, its successors and assigns, covenants and agrees to submit an annual report to HCID containing, for each Affordable Unit, the rental rate and the income and family size of the occupants. HCID shall provide the format to be used.

7.12 Indemnity.

a. Developer shall indemnify, defend (with counsel approved by the City) and hold harmless the City, and their respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the "Indemnitees") from and against any and all liabilities, losses, costs, expenses (including without limitation attorneys' fees and costs of litigation), claims, demands, actions, suits, causes of action, writs, judicial or administrative proceedings, penalties, deficiencies, fines, orders, judgments and damages (all of the foregoing collectively "Claims") which in any manner, directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, result from, or relate to: (i) approval of this Agreement and/or the Improvements; (ii) performance of this Agreement on the part of the Developer or any contractor or subcontractor of Developer; and/or (iii) the rehabilitation, operation, maintenance or management of the Improvements, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by the City, or Developer's deposit with the City of any of the insurance policies described in this Agreement.

b. Developer shall pay immediately upon the Indemnitees' demand any amounts owing under this indemnity. The duty of Developer to indemnify includes the duty to defend the Indemnitees or, at the Indemnitees' choosing, to pay the Indemnitees' costs of its defense in any court action, administrative action, or other proceeding brought by any third party arising from the Improvements or the Site. The Indemnitees may make all reasonable decisions with respect to their representation in any legal proceeding, including, but not limited to, the selection of attorney(s). Developer's obligations set forth in this Section shall survive the issuance of the Certificate of Completion by the City, repayment of the City Rent and any debts to the City pursuant to this Agreement, Ground Lease, and City Development Documents, reconveyance of the City Leasehold Deed of Trust, if any, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement. Developer's indemnification obligations set forth in this Section 7.12 shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnitees.

7.13 Insurance Coverage.

Developer shall furnish or cause to be furnished to the City duplicate originals or certified copies of the insurance policies, complete with additional insured and loss payee endorsements, as applicable pursuant to this Agreement. Developer shall maintain and keep in full force and effect the following policies of insurance, issued by companies approved and regulated by the State Department of Insurance, commencing upon the execution of this Agreement or Developer taking leasehold title to the Site, whichever occurs later, including:

a. Developer and Developer's contractors and sub-contractors hired to perform work on the Site shall maintain Commercial General Liability insurance, to protect against Claims due to bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Site and the Improvements, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of the City or Developer or any person acting for the City or Developer, or under their respective control or direction, and also to protect against Claims due to damage to any property of any person occurring on or about the Site and the Improvements, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of the City or Developer, its contractor(s) or subcontractor(s) or its Developers or any person acting for the City or Developer, or under their respective control or direction. Such property damage and bodily injury insurance shall also provide for and protect the City against incurring any legal cost in defending claims for alleged loss. Such bodily injury and property damage insurance shall name the Indemnitees as additional insureds. Such bodily injury and property damage insurance shall be in minimum limits of One-Million Dollars ($1,000,000.00) per occurrence with a Five Million Dollars ($5,000,000.00) aggregate; provided, however, the limitation on the amount of insurance shall not limit the responsibility of the Developer to indemnify the Indemnitees or to pay damages for injury to persons or property resulting from Developer's activities or the activities of any other person or persons for which Developer is otherwise responsible.

b. During construction and until a Certificate of Occupancy for the completed development has been issued by the City, Developer shall carry Builder's Risk coverage for the Improvements. After completion of construction, Developer shall maintain property insurance in an amount not less than the full insurable value of the Improvements with extended coverage including fire, windstorm, flood, vandalism, malicious mischief, earthquake (if commercially available at reasonable rates or as otherwise required), boiler and machinery if applicable, and other such perils customarily covered by an "All Risk" policy. Such policy shall include a loss payable endorsement naming the **"City of Los Angeles"** as loss payees. The term "full insurable value" as used above shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements immediately before such casualty or other loss, including the cost of rehabilitation of the Improvements, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, not less often than once every three (3) years, Developer shall cause the full insurable value of the Improvements to be determined, such determination to be either by appraisal of the insurer, or by an appraiser mutually acceptable to the City and the Developer. The manner of determination of value shall be agreed to in writing by Developer and the HCID General Manager or designee.

c. After the completion of construction, Developer shall maintain or cause to be maintained loss of rental income insurance with respect to the Improvements,

against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage policies.

d. Developer and its contractors and subcontractors shall maintain or cause to be maintained Workers' Compensation Insurance including Employer's Liability in limits of not less than One Million Dollars ($1,000,000.00), issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Developer and its contractors and subcontractors in connection with the Site and the Improvements and shall cover claims for death, bodily injury, illness, or disease made by, for or on behalf of any person incurring or suffering injury, death, illness or disease in connection with the Site or the Improvements or the operation thereof by Developer.

e. Professional liability insurance shall be required of architects and engineers hired to perform work on the Improvements in limits of not less than One Million Dollars ($1,000,000.000). Developer shall ensure that insurance for architects and engineers is received by the City prior to the commencement of any work on the Site.

f. Commercial automobile insurance coverage in minimum limits of not less than One Million Dollars ($1,000,000.00) shall be required by Developer and/or Developer's contractors and sub-contractors hired to perform work on the Site for owned, hired, leased, and non-owned autos and shall be received by the City prior to the commencement of any work being performed on Site.

g. All required insurance policies shall not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing shall have been sent by registered mail addressed to both HCID not less than twenty (20) Business Days prior to the effective date thereof (ten (10) Business Days for nonpayment of premiums). **All policies where applicable must name the "City of Los Angeles" as additional insured.** The insurance policies or endorsements shall also contain a waiver of subrogation for the benefit of the City of Los Angeles.

h. All insurance provided under this Agreement shall be for the benefit of Developer and the City. Developer agrees to timely pay or cause to be paid all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance.

i. Developer shall submit proof of insurance and applicable endorsements as required by this Section to the City prior to the Close of Escrow. At least twenty (20) Business Days prior to expiration of any such policy, copies of renewal policies shall be submitted to the City.

j. All insurance herein provided for in this Agreement shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of California reasonably approved by the City.

k. Subject to the provisions of any Construction and/or Permanent Lender's loan documents, all insurance proceeds with respect to loss or damage to the Improvements during the term of the Ground Lease shall be payable, under the provisions of the relevant insurance policy, jointly to Developer and the City, and said proceeds shall constitute a trust fund to be used for the restoration, repair or rebuilding of the Improvements in accordance with plans and specifications approved in writing by the City. To the extent that such proceeds exceed the cost of such restoration, repair or rebuilding, such proceeds shall be applied to repay the City Rent. During any period when a Permanent Loan is outstanding, such proceeds shall be divided between the Permanent Lender and City in proportion to the balance of their respective loans. In the event of any fire or other casualty to the Improvements or eminent domain proceedings resulting in condemnation of the Improvements or any part thereof, the Developer shall have the right to rebuild the Improvements, and to use all available insurance or condemnation proceeds to pay costs in connection with rebuilding the Improvements, provided that (1) such proceeds are sufficient to pay City Rent and rebuild the Improvements in a manner that provides adequate security to the City for repayment of the City Rent or if such proceeds are insufficient then the Developer shall have funded any deficiency, (2) the City shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (3) no material default then exists under this Agreement, Ground Lease or City Development Documents. If the casualty or condemnation affects only part of the Improvements and total rebuilding is infeasible, then proceeds may be used for partial rebuilding.

l. The City reserve the right at any time during the term of this Agreement to change the amounts and types of insurance required hereunder by giving the Developer ninety calendar days written, advance notice of such change. If such change(s) should result in substantial additional cost to the Developer, the City agrees to negotiate additional compensation proportional to the increased benefit to the City of Los Angeles.

m. The City shall have the right in its sole discretion to accept insurance policies with lower limits than the minimum limits set forth in this Section 7.13.

7.14 Insurance Advances.

In the event Developer fails to maintain or cause to be maintained the full insurance coverage required by this Agreement, the City, after at least five (5) Business Days prior notice to Developer, may, but shall be under no obligation to, take out the required policies

of insurance and pay the premiums on such policies. Any amount so advanced by the City, together with interest thereon from the date of such advance at the highest rate of interest then allowed by applicable law, shall become an additional obligation of Developer to the City under this Agreement and shall be secured by a City Leasehold Deed of Trust.

7.15 Hazardous Materials.

a. The Developer hereby covenants and agrees that:

(i) The Developer shall not knowingly permit the Site or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Site in violation of any applicable law;

(ii) The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to be in violation of any Hazardous Materials Laws;

(iii) Upon receiving actual knowledge of the same, the Developer shall within ten (10) days advise the City in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Site in such quantities which require reporting to a government agency; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project classified as "border zone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws. If the City reasonably determine that the Developer is not adequately responding to a written directive or order from a regulatory body or court regarding a Hazardous Material Claim, the City shall have the right, upon ten (10) Business Days written notice to the Developer, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and, if such claim could result in any liability or damage to

the City, to have its reasonable attorney's fees in connection therewith paid by the Developer.

(iv) As long as the Ground Lease is in effect, the Developer shall not take, without the City's prior written consent, which shall not be unreasonably withheld or delayed, any remedial action in response to the presence of any Hazardous Materials on, under, or about the Site (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

b. Hazardous Materials Indemnity. Without limiting the generality of the indemnification set forth in this Section 7.15, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel acceptable to the City) the City, its Council Members, officers, employees and agents from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer, its agents, employees, or contractors to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Project; (2) the presence in, on or under the Site of any Hazardous Materials not otherwise present before the Close of Escrow or any releases or discharges of any Hazardous Materials into, on, under or from the Project occurring after the Close of Escrow; or (3) any activity carried on or undertaken on or off the Project, subsequent to the conveyance of the Site to the Developer, by the Developer or any employees, agents, contractors or subcontractors of the Developer at any time occupying or present on the Project, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Project (collectively "Indemnification Claims"). The foregoing indemnity shall further apply to any residual contamination on or under the Project, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials by the Developer, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the City Rent, termination of the Regulatory Agreement, withdrawal of the Notice of Affordability Restrictions and the termination of this Agreement.

c. No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under paragraph b. of this Section 7.15, above, are in no way limited or

otherwise affected by any information the City may have concerning the Site or the Project and/or the presence on or under the Site or within the Project of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations.

7.16 Taxes and Assessments.

Developer shall pay prior to delinquency any and all real estate taxes and assessments (including any possessory interest tax) assessed and levied on the Site or any portion thereof and Developer hereby agrees to indemnify, defend and hold the City and all of the City's Representatives free and harmless against any and all Losses and Liabilities arising from the failure to pay when due such taxes and assessments. The City shall have the right, but not the obligation, to advance on behalf of Developer any amounts due as the result of real estate taxes and assessments (including any possessory interest tax) assessed and levied on the Site or any portion thereof. Developer shall immediately reimburse the City for any amount so advanced by the City, together with interest thereon from the date of such advance at the highest rate of interest then allowed by applicable law, and any such amount that is not paid when due shall become an additional obligation of Developer to the City secured by a City Leasehold Deed of Trust. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the City Rent, termination of the Regulatory Agreement, withdrawal of the Notice of Affordability Restrictions and the termination of this Agreement.

7.17 City's Living Wage Ordinance and Service Contractor Worker Retention Ordinance.

A. Unless otherwise exempt, this Agreement is subject to the applicable provisions of the Living Wage Ordinance (LWO) Section 10.37 et. seq. of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), Section 10.36 et seq., of the Los Angeles Administrative Code, as amended from time to time. Among other things, the Ordinances require the following:

1. Developer assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of compensated and uncompensated days off and health benefits as defined in the LWO.

2. Developer further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. Developer shall require each of its contractors and subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. Developer shall deliver the executed pledges

from each such contractor and subcontractor to the City within ninety (90) days of the execution of the contract and subcontract. Developer's delivery of executed pledges from each such contractor and subcontractor shall fully discharge the obligation of the Developer with respect to such pledges and fully discharge the obligation of the Developer to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.

3. The Developer and any contractor and subcontractor for the project, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. Developer and any contractor and subcontractor for the project shall post the Notice to Employees Working on City Contracts Re: Living Wage Ordinance and Prohibition Against Retaliation provided by the City.

4. Any contract and subcontract entered into by the Developer and any contractor and subcontractor for the project relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section and shall incorporate the provisions of the LWO and the SCWRO.

5. Developer and any contractor and subcontractor for the project shall comply with all rules, regulations and policies promulgated by the City's designated administrative agency which may be amended from time to time.

B. Under the provisions of Section 10.36.3 and Section 10.37.6 of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if the City determines that the subject Developer and any contractor and subcontractor has violated provisions of either the LWO or the SCWRO or both.

C. Where under the LWO Section 10.37.6, the City's designated administrative agency has determined (a) that the Developer and any contractor and subcontractor for the project is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the City in such circumstances may impound monies otherwise

due the Developer in accordance with the following procedures. Impoundment shall mean that from monies due the Developer, the City may deduct the amount determined to be due and owing by the Developer and any contractor and subcontractor for the project to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6 and disposed of under procedures described therein through final and binding arbitration. Whether the Developer and any contractor and subcontractor for the project is to continue work following an impoundment shall remain in the sole discretion of the City. The Developer and any contractors and subcontractors for the project may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.

D. This Agreement is subject to the provisions of Section 10.37.4 of the Los Angeles Administrative Code, with all amendments and revisions thereto. Developer shall and shall cause any contractor and subcontractor for the Project to inform employees making less than Twelve Dollars ($12.00) per hour of their possible right to the federal Earned Income Credit (EIC). Developer shall and shall cause any contractor and subcontractor for the Project to make available to employees the forms informing the employees about the EIC and the forms required to secure advance EIC payments from Developer, any contractor or subcontractor for the Project.

7.18 City's Equal Benefits Ordinance.

Unless otherwise exempt, this Agreement is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

A. During the performance of the project, the Developer certifies and represents that the Developer and any contractor and subcontractor will comply with the EBO.

B. The failure of the Developer to comply or to ensure that any contractor or subcontractor comply with the EBO will be deemed to be a material breach of the Agreement by the City.

C. If the Developer and any contractor and subcontractor fails to comply with the EBO, the City may cancel, terminate or suspend the Agreement, in whole or in part, and all monies due or to become due under the Agreement may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

D. Failure to comply with the EBO may be used as evidence against the Developer in actions taken pursuant to the provisions of Los Angeles

Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

E. If the City's designated Administrative Agency determines that a Developer has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Agreement. Violation of this provision may be used as evidence against the Developer in actions taken pursuant to the provisions of the Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

F. The Developer shall post and shall ensure posting the following statement in conspicuous places at its place of business and the project available to employees and applicants for employment:

"During the performance of this project with the City of Los Angeles, the Developer and any contractor or subcontractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of contract Compliance at (213) 847-1922".

7.19. Contractor Responsibility Ordinance.

Unless otherwise exempt, this Agreement is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 et seq., of the Los Angeles Administrative Code, as amended from time to time, which requires Developer to update its responses to the responsibility questionnaire within thirty calendar days after any change to the responses previously provided if such change would affect Developer's fitness and ability to continue performing under the Agreement.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this Agreement, Developer pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this Agreement, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees. The Developer further agrees to: (1) notify the City within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Developer is not in compliance with all applicable federal, state and local laws in performance of this Agreement and project; (2) notify the City within thirty calendar days of all findings by a government agency or court of competent jurisdiction that the Developer and any contractor and subcontractor for the project has violated the provisions of Section 10.40.3 (a) of the Contractor Responsibility Ordinance; (3) ensure that its subcontractor(s), as defined in the Contract Responsibility Ordinance, submit a Pledge of Compliance to the City; and (4) ensure that its contractor and subcontractor, as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and

the requirement to notify the City within thirty calendar days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the contractor or subcontractor has violated Section 10.40.3(a) of the Contract Responsibility Ordinance in performance of the contract or subcontract.

7.20 Slavery Disclosure Ordinance.

Unless otherwise exempt, this Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as may be amended from time to time. Developer certifies that it has complied with the applicable provisions of the Slavery Disclosure Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this Agreement.

7.21 First Source Hiring Ordinance.

Unless otherwise exempt, this contract is subject to the applicable provisions of the First Source Hiring Ordinance (FSHO), Section 10.44 *et seq.* of the Los Angeles Administrative Code as amended from time to time.

A. Developer shall, prior to the execution of the contract, provide to the Designated Administrative Agency (DAA) a list of anticipated employment opportunities that Developer estimates it will need to fill in order to perform the services under the contract.

B. Developer further pledges that it will, during the term of the contract: (1) at least seven (7) business days prior to making an announcement of a specific employment opportunity, provide notifications of that employment opportunity to the Economic and Workforce Development Department (EWDD), which will refer individuals for interview; (2) interview qualified individuals referred by EWDD; and (3) prior to filing any employment opportunity, the Developer shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the Developer interviewed and the reasons why referred individuals were not hired.

C. Any contract or subcontract entered into by the Developer relating to this contract, to the extent allowed hereunder, shall be subject to the provisions of FSHO, and shall incorporate the FSHO.

D. Developer shall comply with all rules, regulations and policies promulgated by the DAA, which may be amended from time to time.

Where under the provisions of Section 10.44.13 of the Los Angeles Administrative Code the DAA has determined that the Developer intentionally violated or used hiring

practices for the purpose of avoiding the FSHO, that determination will be documented in the Awarding Authority's Contractor Evaluation, required under Los Angeles Administrative Code Section 10.39 *et seq.*, and must be documented in each of the Developer's subsequent Contractor Responsibility Questionnaires submitted under the Los Angeles Administrative Code Section 10.40 *et seq.* This measure does not limit the City's authority to act under the FSHO.

Under the provisions of Section 10.44.8 of the Los Angeles Administrative Code, the Awarding Authority shall, under appropriate circumstances, terminate this contract and otherwise pursue legal remedies that may be available if the DAA determines that the Developer has violated provisions of the FSHO.

7.22 Child Support Assignment Orders.

This Agreement is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, Developer will fully comply with all applicable State and Federal employment reporting requirements for Developer's, contractor's and subcontractor's employees. Developer shall also certify that (1) Developer and any contractor and subcontractor will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) that the principal owner(s) of the Developer(s) are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) Developer and any contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230 *et seq.* of the California Family Code; and (4) Developer and any contractor or subcontractor will maintain such compliance throughout the term of this Agreement.

Pursuant to Section 10.10b of the Los Angeles Administrative Code, the failure of Developer to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Developer(s) to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Developer under the terms of this Agreement, subjecting this Agreement to termination if such default shall continue for more than ninety (90) days after notice of such default to Developer by City.

Any contract and subcontract entered into by the Developer, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Developer to obtain compliance of its contractor and subcontractor shall constitute a default by the Developer under the terms of this Agreement, subjecting this Agreement to termination

where such default shall continue for more than ninety (90) days after notice of such default to Developer by the City.

Developer certifies that, to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

7.23 Enforcement of Employment Requirements.

In the event of underpayment of wages by Developer or by any contractor or subcontractor employed on the Project, Lender, in addition to other rights and remedies afforded by this Agreement or applicable law, may: (1) demand that Developer and/or any underpaying employer comply with these requirements; (2) demand that the underpaying employer pay the difference between the prevailing wage rates and the amount actually paid to workers; (3) withhold from Developer any Loan proceeds as may be necessary to compensate workers the full wages required under this Agreement (whether or not the Loan payee is directly responsible for the underpayment); (4) impose liquidated damages in the form of a forfeiture of up to fifty dollars ($50) per calendar day for each worker paid less than the prevailing wage, the amount of such forfeiture to be determined solely by Lender according to the standards contained in California Labor Code Section 1775; and/or (5) pursue any lawful administrative or court remedy to enforce these requirements against the Developer and underpaying employer. Developer shall comply with any demand to pay any amounts due under this section within ten (10) calendar days of said demand. In addition, a worker who has been paid less than the prevailing wage rate shall have a right to commence an action or proceeding against the employer to collect the underpayment.

In the event of any violation or deficiency with respect to the equal opportunity and/or the MBE/WBE provisions herein, including failure to provide adequate documentation as specified herein, by Developer or by any contractor or subcontractor employed on the Project, Lender, in addition to other rights and remedies afforded by this Agreement or applicable law, may: (1) demand that any noncomplying party comply with these requirements; (2) withhold disbursement of Loan proceeds from Developer or any contractor or subcontractor until such violations are corrected; (3) impose liquidated damages on the noncomplying party in the form of a forfeiture of up to one thousand dollars ($1,000) or one percent (1%) of the contract, whichever is less, the amount of such forfeiture to be determined solely by Lender; and/or (4) pursue any lawful administrative or court remedy to enforce these requirements. Any noncomplying party shall comply with any demand to correct any noncompliance within ten (10) business days of said demand.

Developer shall monitor and enforce the equal employment opportunity, minority- and women-owned business enterprises, and prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors

or subcontractors who violate these requirements. In the event that Developer fails to monitor or enforce these requirements against any contractor or subcontractor, Developer shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if Developer was the actual employer, and Lender may withhold payments to Developer, may impose liquidated damages on Developer in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare an Event of Default and pursue any of the other remedies available under this Agreement.

7.24 Fair Chance Initiative for Hiring Ordinance.

Unless otherwise exempt under Federal or State law, City Contractors and subcontractors with 10 or more employees are prohibited under Los Angeles Administrative Code Section 10.48 from seeking a job applicant's criminal history information until a job offer is made and from withdrawing a job offer unless the employer performs an assessment of the applicant's criminal history and the duties of the position. Contractors and subcontractors are required to include information regarding the ordinance in all job solicitations and advertisements and to post notices informing job applicants of their rights. Additional information and forms may be found at Department of Public Works, Bureau of Contract Administration at http://bca.lacity.org/.

7.25 Labor Compliance Meeting.

The Developer shall meet with HCIDLA's Labor Compliance staff for a pre-construction briefing on all City construction requirements prior to the issuance of a notice to proceed.

ARTICLE 8. ASSIGNMENT AND TRANSFERS

8.1 Definitions.

As used in this Article 8, the terms "Transfer" and "Permitted Transfer" shall have the respective meanings set forth in Section 1.2 of this Agreement.

8.2 Restrictions on Transfer.

a. Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping the Site and providing affordable rental housing for Low Income Households, and not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the City, in light of the following: (1) the importance of the redevelopment of the Site to the general welfare of the community; (2) the public assistance that has been made available by law and by the government for the purpose of making such redevelopment possible; and (3) the fact that a change in ownership or

control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that City is entering into this Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. Developer shall not assign all or any part of this Agreement or the Site, or any interest herein, without the prior written approval of the City. Subject to review of documentation effectuating any such proposed assignment or transfer, the City shall provide written confirmation to Developer that a proposed assignment is a Permitted Transfer, if such be the case, as provided in Section 8.4.a., below.

c. For the reasons cited above, Developer represents and agrees for itself and any successor in interest that, without the prior written approval of the City, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, except by Permitted Transfers.

d. Any assignment or transfer of this Agreement or the Site or any interest herein or therein or significant change in ownership of Developer, other than a Permitted Transfer, shall require the prior written approval of the City. To the extent the City's approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, the City shall base their decision upon: (i) the relevant experience, financial capability and reputation of the proposed assignee or transferee; and (ii) the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, the City shall have the right, in its sole discretion, to disapprove any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer or transfer of the Site that results in payment of consideration to any Person, prior to the issuance of the Certificate of Completion, that is not conditioned upon the issuance of the Certificate of Completion. In the event HCID denies a request for a Transfer or assignment of this Agreement, except a Permitted Transfer, HCID, as applicable, shall set forth its reasons for denying such request in writing.

e. Developer shall promptly notify the City of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Except for Permitted Transfers, any significant change (voluntary or involuntary) in ownership or control of Developer (other than changes occasioned by the death or incapacity of any individual or approved in advance in writing by the City) shall constitute a default under this Agreement. In the event of the death or incapacity of any individual who controls Developer or the managing member or general partner of Developer, any resulting change in the management of the Project or the control of the day-to-day operations of the Site and the Improvements shall be subject to the approval

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of the HCID General Manager, which approval shall not be unreasonably withheld, conditioned or delayed.

8.3 Prohibited Transfers.

The limitations on Transfers set forth in this Article 8 shall apply from the Effective Date of this Agreement until the latest of (a) issuance of a Certificate of Completion by the City to the Developer; (b) the date the City Rent and City debts, if any, related to this Agreement, Ground Lease and City Development Documents, is repaid in full; and (c) the date the Regulatory Agreement expires. Except for Permitted Transfers and as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and shall not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law, without the prior approval of the City. Any Transfer made in contravention of this Section 8.3 shall be void and shall be deemed to be a default under this Agreement, whether or not the Developer knew of or participated in such Transfer.

8.4 Effectuation of Transfers.

a. In the event of a Permitted Transfer, Developer shall submit to the City such documentation as the HCID General Manager or designee may determine is sufficient to document that such Transfer is a Permitted Transfer.

b. In the event of a Transfer other than a Permitted Transfer, the proposed transferee for which the City's approval is required shall have the relevant experience, financial capability and reputation necessary to fulfill the obligations undertaken in this Agreement by the Developer and otherwise acceptable to the City. HCID shall grant or deny approval of a proposed Transfer within thirty (30) calendar days of receipt by the HCID of the Developer's request for approval of a Transfer, by Notice as required by Section 11.2 of this Agreement, accompanied by the deposit required by paragraph e. of this Section 8.4, below, which request shall include evidence of the proposed transferee's business expertise and financial capacity.

c. Any Transfer otherwise authorized or approved pursuant to this Agreement (including Permitted Transfers and other Transfers for which the City's approval is required) shall not be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to the City and in form recordable in the Office of the Los Angeles County Recorder, expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Agreement; provided, however, that no such transferee shall be liable for the failure of its predecessor to perform any such obligation.

d. Any assignment of rights and/or delegation of obligations under this Agreement in connection with a Transfer (whether or not the City's approval is required)

shall be in writing executed by Developer and the assignee or transferee, which written agreement shall name the City as expressed third party beneficiaries with respect to such agreement (the "Assumption Agreement") with a copy thereof delivered to the City within ten (10) Business Days after the effective date thereof. Upon assignment or transfer of this Agreement pursuant to an Assumption Agreement, the assignor shall be relieved of liability with respect to any such obligations relating to the Project assumed by the assignee. Notwithstanding the foregoing, unless such assignee specifically assumes pursuant to the Assumption Agreement the obligations under this Agreement to indemnify the City with respect to the Project, the assignor shall retain such obligations and remain jointly and severally liable for such indemnity obligations with such assignee. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the City Rent, termination of the Regulatory Agreement, withdrawal of the Notice of Affordability Restrictions and the termination of this Agreement.

e. Developer shall reimburse the City for all actual staff time and consultant (legal and financial) costs associated with the City's review and consideration of any request for approval of a Transfer. The City shall not be obligated to act on any request for approval of a Transfer unless Developer shall deposit with the City the sum of Ten Thousand Dollars ($10,000), which amount shall be subject to adjustment equal to the cumulative annual increase, if any, in the Consumer Price Index since 2011, together with its request for approval of a Transfer. If the costs of the City's review is less than the amount deposited, the excess deposit shall be returned to Developer. If the costs of the City's review exceed the deposit amount, the City shall send the Developer a bill for the costs and Developer shall promptly pay the City the additional costs.

ARTICLE 9. SECURITY FINANCING AND RIGHTS OF LENDERS

9.1 No Encumbrances Except for Development Purposes.

a. Until the Conditions Precedent to the Close of Escrow set forth in Section 3.1 of this Agreement have been satisfied and the Close of Escrow occurs, Developer shall not place mortgages, deeds of trust, or any other encumbrances as security for loans on the Site.

b. From and after the Close of Escrow, mortgages, deeds of trust, and other real property security instruments are permitted to be placed upon the Developer's interest in the Site to the extent consistent with Developer's Financing Plan and Project Budget as approved by the City. Such permitted security instruments and related interests shall be referred to as "Security Financing Interests." The Developer shall promptly notify the City in writing of any Security Financing Interest that Developer intends to record against the Site. The documents evidencing the Security Financing Interests shall provide that in the event of a Developer default, the holder of the Security Financing Interest shall send notice of the default to the HCID concurrently with its notice to the Developer.

c. The Developer may record Security Financing Interests on the Site only for the purpose of securing Construction Loans and Permanent Loans identified in the Project Budget or Financing Plan approved by the City, and any refinancing of any such approved financing, subject to the City's consent.

d. No permitted Security Financing Interest will encumber any interest in the Site other than the leasehold interest of Developer in the leased premises under the City Ground Lease and Developer's fee ownership of the Improvements located on such leased Site.

9.2 Lender Not Obligated to Construct.

The holder of any Security Financing Interest authorized by this Agreement ("Permitted Lender") is not obligated to construct or complete any improvements or to guarantee such construction or completion, nor shall any covenant or any other provision of this Agreement be construed so to obligate such Permitted Lender. However, nothing in this Agreement shall be deemed to permit or authorize any such Permitted Lender to devote the Site or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

9.3 Notice of Default and Right to Cure.

a. Whenever the City delivers to Developer any notice of breach (or demand for performance) with respect to the commencement, completion, or cessation of the construction of the Project, HCID shall at the same time deliver such notice to each Permitted Lender and the Tax Credit Investor. Each Permitted Lender and the Tax Credit Investor shall (insofar as the rights of the City is concerned) have the right, but not the obligation, at its option, within twenty (20) Business Days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Any such increase in a Security Financing Interest, limited to the amount needed to cure or remedy such default, shall not require additional approval by the City. Nothing contained in this Agreement shall be deemed to permit or authorize any Permitted Lender to undertake or continue construction or completion of the Project (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing the Developer's obligations to the City under this Agreement. The Permitted Lender in that event must agree to complete, in the manner provided in this Agreement, the development of the Project. Any such holder properly completing the development of the Project pursuant to this section shall assume all rights and obligations of Developer under this Agreement and shall be entitled, upon written request made to the City, to a Certificate of Completion from the City.

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b. If a non-monetary event of default occurs under the terms of this Agreement, prior to exercising any remedies hereunder, HCID shall give Developer, any Permitted Lender and the Tax Credit Equity Investor, as identified in Developer's LLC Agreement or partnership agreement, as the case may be, simultaneous notice of such default. If the default is reasonably capable of being cured within twenty (20) Business Days after such notice is received or deemed received, Developer shall have such period to effect a cure prior to exercise of remedies by the City under this Agreement. If the default is such that it is not reasonably capable of being cured within twenty (20) Business Days, and Developer (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Developer shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the City. If Developer fails to take corrective action or to cure the default within a reasonable time, the City shall give Developer, any Permitted Lender and the Tax Credit Equity Investor written notice thereof, whereupon the Tax Credit Equity Investor may exercise any authority it may have under the Developer's LLC Agreement or partnership agreement, as the case may be, and the Permitted Lender may exercise any authority it may have under its financing agreements with Developer, to take corrective action, which may include, among other things, removing and replacing the managing member or general partner with a substitute managing member or general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall the City be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) calendar days after the notice of default is received or deemed received.

9.4 Failure of Permitted Lender to Complete Project.

In any case where six (6) months after default by the Developer, a Permitted Lender has not exercised its right to commence to complete the construction of the Project, or, having commenced to complete the construction of the Project has failed to complete the Project in a timely manner, the City shall be afforded those rights against such Permitted Lender it would otherwise have against the Developer under this Agreement.

9.5 Right of the City to Cure.

In the event of a default or breach by the Developer under the terms of any Security Financing Interest prior to the completion of construction of the Project, and if the Permitted Lender has not exercised its right to commence to complete the construction of the Project, or, having commenced to complete the construction of the Project has failed to complete the Project in a timely manner, the City may, upon prior written notice to the Developer, cure the default or breach, prior to the completion of any foreclosure. In such event, the City shall be entitled to reimbursement from the Developer

of all costs and expenses incurred by the City in curing the default. The City shall also be entitled to a lien upon the Project and/or Site to the extent of such costs and disbursements. The City agree that such lien shall be subordinate to any Senior Loan, and the City shall execute from time to time any and all documentation reasonably requested by the Developer to effect such subordination.

9.6 Permitted Lenders to be Notified.

The Developer shall obtain and submit to the City acknowledgement of this Article 9 by each holder of a Security Financing Interest prior to recordation of such Security Financing Interest.

9.7 Modifications.

If a Permitted Lender or Tax Credit Equity Investor should, as a condition of providing funding for the Project, request any modification of this Agreement in order to protect its interests in the Project or this Agreement, the HCID General Manager shall consider such request in good faith consistent with the purpose and intent of this Agreement and the rights and obligations of the Parties under this Agreement. The HCID's General Manager shall have the authority to approve revisions to the terms of this Agreement requested in writing by a Permitted Lender or Tax Credit Equity Investor that are not material revisions if he/she reasonably determines that such revisions: (a) are limited to minor, technical or procedural matters; (b) do not increase the amount of the City Rent and debts to the City related to this Agreement, Ground Lease and city Development Documents; (c) do not result in a reduction of equity and loan funds sufficient to complete the Project; (d) do not materially adversely affect the economic feasibility of the Project; (e) do not materially adversely affect City fee title to the Site; (f) do not materially adversely affect the security of the City Leasehold Deed of Trust, if any; (g) do not materially modify the Conditions Precedent to the Close of Escrow; and (h) do not materially reduce any benefit to the City or the public pursuant to this Agreement. The City shall have the right to approve or disapprove such non-material changes in his/her sole discretion, or may refer such decision to HCID. Material revisions of this Agreement shall require the prior approval of the City.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Defaults – General.

a. Subject to the extensions of time set forth in Section 11.3 of this Agreement, failure or delay by either Party to perform or to comply with any term or provision of this Agreement shall constitute an Event of Default under this Agreement. The Party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary Event of Default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default written notice of such default. The Party in default shall have a period of ten (10) Business Days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured Party.

d. If a non-monetary Event of Default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default notice of such default. If the default is reasonably capable of being cured within twenty (20) Business Days after such notice is received or deemed received, the Party in default shall have such period to effect a cure prior to exercise of remedies by the injured Party. If the default is such that it is not reasonably capable of being cured within twenty (20) Business Days, and the Party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Party in default shall have such additional time as is reasonably necessary, but not more than one hundred eighty (180) calendar days, to cure the default prior to exercise of any remedies by the injured Party.

e. If Developer fails to take corrective action or cure the default within a reasonable time, HCID shall give each Permitted Lender and, as provided in paragraph f., below, the Tax Credit Equity Investor, notice thereof. The Tax Credit Equity Investor may take such action, including removing and replacing the managing member or managing general partner of Developer with a substitute managing member or managing general partner, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. The City agrees to accept cures tendered by any Permitted Lender or Tax Credit Equity Investor within the cure periods provided in this Agreement, Ground Lease and City Development Documents. Additionally, in the event any Permitted Lender or Tax Credit Equity Investor is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Developer or the managing member or managing general partner of Developer, the City agrees to forbear from completing a foreclosure under this Agreement (judicial or non-judicial) during the period during which the Senior Lender or Tax Credit Equity Investor is so precluded from acting, not to exceed ninety (90) calendar days, provided such Tax Credit Equity Investor and Senior Lender are otherwise in compliance with the foregoing

provisions. In no event shall the City be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) calendar days after the first notice of default is given.

f. After Developer gives written notice to the City of the admission to Developer's limited liability company or limited partnership of the Tax Credit Equity Investor, HCID shall send to the Tax Credit Equity Investor a copy of all notices of default and all other notices that HCID sends to Developer, at the address for the Tax Credit Equity Investor as provided by written notice to the City by Developer.

10.2 Institution of Legal Actions.

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

10.3 Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

10.4 Acceptance of Service of Process.

a. In the event that any legal action is commenced by Developer against the City, service of process on the City shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the City against Developer, service of process on Developer shall be made by personal service upon Developer (or upon the managing member or managing general partner or any officer of Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

10.5 Rights and Remedies Are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude

the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

10.6 Damages.

Subject to the notice and cure provisions of Section 10.1 of this Agreement, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 10.1 of this Agreement, the defaulting Party shall be liable to the non-defaulting Party for any damages caused by such default, and the non-defaulting Party may thereafter (but not before) commence an action for damages against the defaulting Party with respect to such default. In no event shall the City be liable to Developer for any attorney's fees.

10.7 Specific Performance.

Subject to the notice and cure provisions of Section 10.1 of this Agreement, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 10.1 of this Agreement, the non-defaulting Party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

10.8 Termination by Either Party.

Prior to the Close of Escrow, either Party shall have the right to terminate this Agreement, by providing written notice to the other Party, in the event of a failure of any Condition Precedent to the Close of Escrow as set forth in Section 3.1 of this Agreement, provided that such condition is for the benefit of and such failure is outside the control of the Party seeking to terminate this Agreement. Upon such termination, neither the City nor Developer shall have any further rights against or liability to the other under this Agreement, except for indemnification rights that survive termination of this Agreement.

10.9 Termination by the City.

a. Subject to the notice and cure provisions of Section 10.1 of this Agreement, the City shall have the right, prior to the Close of Escrow, to terminate this Agreement by providing written notice to Developer, in the event of a default by Developer or failure of any Condition Precedent to the Close of Escrow, including but not limited to the following:

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(1) Developer fails to submit to the City evidence of financing or fails to satisfy any other Condition Precedent to the Close of Escrow, within the time established thereforth in this Agreement or the Schedule of Performance; or

(2) Developer (or any successor in interest) assigns or attempts to assign any of Developer's rights in and to the Site or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement; or

(3) there is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions of Section 8.2 of this Agreement; or

(4) Developer fails to submit any of the plans, drawings and related documents required by this Agreement by the respective dates provided in this Agreement therefor; or

(5) there is any other material default by Developer under the terms of this Agreement which is not cured within the time provided herein.

b. After the Close of Escrow but before the issuance of the Certificate of Completion, the City shall have the additional right to terminate this Agreement in the event any of the following defaults shall occur:

(1) Developer fails to commence construction of the Improvements as required by this Agreement and such breach is not cured within the time provided in Section 10.1 of this Agreement, provided that Developer shall not have obtained an extension or postponement to which Developer may be entitled pursuant to Section 11.3 hereof; or

(2) Developer abandons or substantially suspends construction of the improvements and such breach is not cured within the time provided in Section 10.1 of this Agreement, provided Developer has not obtained an extension or postponement to which Developer may be entitled to pursuant to Section 11.3 hereof; or

(3) Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Site, or any part thereof, in violation of this Agreement, and such breach is not cured within the time provided in Section 10.1 of this Agreement; or

(4) Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 10.1 of this Agreement.

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10.10 Survival.

Upon termination of this Agreement pursuant to this Article 10, all indemnification provisions set forth in this Agreement and any other provisions of this Agreement which by their terms are to survive termination hereof shall survive such termination. This Section 10.10 is for reference purposes only, and does not alter the scope or nature of the surviving provisions.

10.11 Inaction Not a Waiver of Default.

Any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

10.12 No Attorneys' Fees.

Should legal action be brought by either Party for breach of this Agreement or to enforce any provision, neither Party in such action shall be entitled to attorneys' fees, court costs and other litigation expenses, including, without limitation, expenses incurred for preparation and discovery, and on appeal.

10.13 Rights and Remedies Cumulative.

Except as otherwise provided, the rights and remedies of the Parties are cumulative, and the exercise or failure to exercise any right or remedy shall not preclude the exercise, at the same time or different times, of any right or remedy for the same default or any other default.

ARTICLE 11. GENERAL PROVISIONS

11.1 Developer Representations and Warranties.

The Developer represents and warrants to the City, as follows:

a. Organization. The Developer is _____, a California _____, whose co-general partner is _____, a California _____, whose member is _____, a California _____, each of which is duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

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b. Authorization. The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms.

c. No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and shall not materially conflict with, or constitute a material violation or material breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.

d. No Litigation. Unless otherwise disclosed in writing to the City prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or, to the best knowledge of the Developer, the Site that would, if adversely determined, materially and adversely affect the Developer or the Site or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Project.

e. Licenses, Permits, Consents and Approvals. Developer and/or any person or entity owning or operating the Site has duly obtained and maintained, or shall duly obtain and maintain, and shall continue to obtain and maintain, all licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the business on the Site.

11.2 Notices.

Formal notices, demands, and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless given in writing and dispatched by certified mail, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), with a receipt showing date of delivery, to the principal offices of the HCID and the Developer as follows:

HCID: Housing and Community Investment Department
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attn: General Manager

With copies to: Housing and Community Investment Department
Asset Management Division
1200 W. 7th Street, Suite 900
Los Angeles,CA 90017
Attn: Asset Manager

Developer:

_____

_____

Attn: _____

With copies to: _____

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 11.2. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

11.3 Enforced Delay: Extension of Time of Performance.

a. In addition to specific provisions of this Agreement, the time for performing non-monetary obligations pursuant to this Agreement shall be extended and non-monetary performance by either Party shall not be deemed to be in default where delays are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; acts of god; severe or unusual shortages of materials or labor; uncommon inclement weather of an extreme or exceptional nature, unavoidable casualty; or court order; or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the construction of the Project) beyond the control or without the fault of the Party claiming an extension of time to perform.

b. An extension of time for any such cause (a "Force Majeure Delay") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within twenty (20) Business Days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a

Force Majeure Delay unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the following: the event; its cause; when and how such Party obtained knowledge; the date the event commenced; a reasonable causal connection between the event and the need to extend the time of such Party's performance; and the estimated delay resulting from the event. Any Party claiming a Force Majeure Delay shall deliver such written notice within twenty (20) Business Days after it obtains actual knowledge of the event. Times of performance under this Agreement may also be extended in writing by the City and Developer.

11.4 Conflict of Interest.

a. No member, official, or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and shall not pay or give, any third person any money or other consideration for obtaining this Agreement.

11.5 Non-liability of City Officials and Employees.

No member, official, agent, legal counsel or employee of the City shall be personally liable to Developer, or any successor in interest in the event of any default or breach by the City or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement.

11.6 Inspection of Books and Records.

a. Prior to Completion, the City shall have the right at all reasonable times to inspect the books and records of Developer pertaining to the development of the Site as pertinent to the purposes of this Agreement. Developer shall also have the right at all reasonable times to inspect the books and records of HCID pertaining to the Site as pertinent to the purposes of this Agreement.

b. In addition, at all times prior to the expiration of the Regulatory Agreement, and/or repayment in full of the City Rent and debts to the City , whichever occurs later, the City shall have the right at all times to inspect the books and records of Developer pertaining to the operation of the Site.

11.7 Approvals.

a. Except as otherwise expressly provided in this Agreement, approvals required of the City or Developer in this Agreement, including the attachments hereto,

shall not be unreasonably withheld, delayed or conditioned. All approvals shall be in writing. Failure by either Party to approve or disapprove a matter within the time provided for approval or disapproval of the matter shall not be deemed either approval or disapproval of the matter unless this Agreement specifically provides otherwise. Notwithstanding the foregoing, nothing contained in this Agreement shall restrict or limit the exercise of discretion by the Mayor, City Council or any member of the City Council in approving or disapproving this Agreement or any proposed material revisions or amendments to this Agreement, which approval may be granted or denied in the sole and absolute discretion of the City.

b. Whenever this Agreement calls for City approval, consent, or waiver, the written approval, consent, or waiver of, the HCID General Manager shall constitute the approval, consent, or waiver of the City, without further authorization required from the City Council and Mayor. The City hereby authorizes the HCID's General Manager to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the City. However, subject to Section 9.7 of this Agreement, any material modification and any amendment to this Agreement shall require approval by the City Council and Mayor.

11.8 Real Estate Commissions.

Neither Developer nor the City shall be liable for any real estate commissions or brokerage fees which may arise from this Agreement. Developer and the City each represents that it has engaged no broker, agent or finder in connection with this Agreement.

11.9 Construction and Interpretation of Agreement.

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any Party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the Party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any Party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and

provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) shall mean, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

11.10 Time of Essence.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

11.11 Relationship of the Parties.

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause the City to be responsible in any way for the debts or obligations of Developer or any other Person.

11.12 Compliance with Law.

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Site and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether the City be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the development and use of the Site shall

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be conclusive of that fact as between the City and Developer and shall therefore allow the City to exercise any and all remedies set forth in the City's Contractor/Developer Responsibility Policy.

11.13 Binding Effect.

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

11.14 Rights of Third Parties.

a. Except as otherwise expressly provided in this Agreement and the Regulatory Agreement, this Agreement shall not be deemed to confer any rights upon, nor obligate either of the Parties to this Agreement to any person or entity not a Party to this Agreement, and the Parties explicitly disclaim any intent to create a third party beneficiary relationship with any person or entity as a result of this Agreement.

b. The City shall be a third-party beneficiary retaining enforcement rights with respect to this Agreement.

c. The covenants and restrictions relating to the Affordable Housing Units set forth in Article 7 of this Agreement and in the Regulatory Agreement shall run with the land and shall be enforceable against any owner of the Site who violates a covenant or restriction and each successor in interest who continues the violation by any of the following:

1. The City;

2. A resident of any of the Affordable Units;

3. A residents' association with members who reside in the Affordable Units;

4. A former resident of an Affordable Unit;

5. An applicant seeking to enforce the covenants or restrictions for a particular Affordable Unit, if the applicant conforms to all of the following:

(A) Is of Low or Moderate Income;

(B) Is able and willing to occupy that particular Affordable Unit; and

(C) Was denied occupancy of that particular Affordable Unit due to an alleged breach of a covenant or restriction set forth in the Regulatory Agreement; and

6. A person on an affordable housing waiting list who is of Low or Moderate Income and who is able and willing to occupy an Affordable Unit.

11.15 Authority to Sign.

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

11.16 Use of Project Images.

a. Developer hereby consents to and approves the use by the City of images of the Project, its models, plans and other graphical representations of the Project and its various elements ("Project Images") in connection with marketing, public relations, and special events, websites, presentations, and other uses required by the City in connection with the Project. Such right to use the Project Images shall not be assignable by the City to any other party (including, without limitation, any private party) without the prior written consent of Developer. Developer shall obtain any rights and/or consents from any third parties necessary to provide these Project Image use rights to the City.

b. Any publicity generated by Developer for the Project during the term of the Ground Lease shall make reference to the contribution of the City of Los Angeles in making the Project possible. The words "City of Los Angeles" shall be prominently displayed in any and all pieces of publicity, including but not limited to flyers, press releases, posters, signs, brochures, public service announcements, interviews and newspaper articles. Developer further agrees to cooperate with authorized staff and officials of the City in any City-generated publicity or promotional activities undertaken with respect to the Project.

11.17 Plans and Data.

If Developer does not proceed with the lease or development of the Site, or if this Agreement is terminated for any reason, other than the breach of this Agreement by the City, Developer shall deliver to the City, without cost or expense to the City, any and all plans, drawings, studies, designs, reports, surveys, and data pertaining to the site and its development (collectively, "Site Designs") which are in the possession of Developer, together with a Bill of Sale therefor, which Site Designs shall thereupon be the

sole property of the City, free of all claims or interests of Developer or any other person; and which the City may use, grant, license or otherwise dispose of to any person for development of the Site or any other purpose. To secure the obligations set forth in this Section and as a condition precedent to the execution of the Ground Lease, Developer shall execute and cause its architect and contractor, as the case may be, and shall deliver to the City an Assignment of Agreements, Plans, Specifications and Entitlements substantially in the form of the instrument attached to this Agreement as **Exhibit G** to Part I of Exhibits.

11.18 Applicable Law.

A. This Agreement shall be interpreted under and pursuant to the laws of the State of California. The Developer shall carry out the administration of this Agreement and the construction and operation of the Project, in conformity with all applicable laws, to the extent they may apply, including, but not limited to the following applicable federal and state laws, as may be amended from time to time:

1. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §3601, *et seq* and implementing regulations at 24 C.F.R. Part 100, *et seq*, including, without limit, the design and construction requirements set forth in 42 U.S.C. §3604(f)(3) and the corresponding rules of HUD.

2. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 C.F.R. Part 107.

3. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4)(Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 C.F.R. Part 1; and its implementing regulations and as applied through Executive Order No. 13166, entitled "Improving Access to Services for Persons with Limited English Proficiency" ("LEP"), which requires recipients of federal funds, including Developer, to take reasonable steps to insure meaningful access to its programs and activities by persons with LEP as more fully described in HUD's final guidance contained in Federal Register, Volume 72, No. 13.

4. Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, 42 U.S.C. 2000e.

5. Title IX of the Education Amendments of 1972, as amended (20 USC

§1681-§1683, and §1685-§1686).

6. Drug Abuse Office and Treatment Act of 1972, P.L. 92-255, as amended, relating to nondiscrimination on the basis of drug abuse.

7. Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970, P.L. 91-616 as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism.

8. Public Health Service Act of 1912, 42 USC 290 dd-3 and 290 ee-3, as amended, relating to confidentiality of alcohol and drug abuse patient records.

9. Genetic Information Nondiscrimination Act of 2008 (GiNA) P.L. 110-233

10. The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and implementing regulations at 24 CFR Part 146.

11. Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 and implementing regulations at 24 C.F.R. Part 8, including the design and construction requirements of the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40 or any other applicable or successor design and construction requirements.

12. Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157.

13. Americans With Disabilities Act 42, U.S.C. 12101 *et seq.*, its implementing regulations at 28 CFR Part 35, and the Americans with Disabilities Amendments (ADAAA) Pub. L. 110-325 and all subsequent amendments, including the 2010 Standards for Accessible Design as defined in 28 C.F.R. § 35.104 and as applied to public entities (excluding any elevator exceptions).

14. Alternative Accessibility Standard for new construction per HUD's Notice at 79 Fed. Reg. 29,671 (May 23, 2014).

15. Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821-4826 and implementing regulations at 24 CFR Part 35.

16. Executive Order 12372 and implementing regulations at 24 CFR Part

52.

17. Flood Disaster Act of 1973, 42 U.S.C. 4001, *et seq.*

18. Wild and Scenic Rivers Act of 1968, 16 U.S.C. 1271, *et seq.*

19. Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.

20. Drug Free Workplace Act of 1988, 41 U.S.C. 701 et seq and HUD's implementing regulations at 2 C.F.R. part 2429; 28 C.F.R. Part 83; California Drug-Free Workplace Act of 1990, California Government Code Section 8350-8357.

21. Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, 42 U.S.C. 4601, *et seq.* and 24 CFR Part 42.

22. Office of Management and Budget ("OMB") Circulars: OMB Circular A-21 (Cost Principles for Educational Institutions); OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments); OMB Circular A-110 (Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations); OMB Circular A-122 (Cost Principles for Non-Profit Organizations); OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations), and as codified in 2 CFR part 200 and 2 CFR part 2400.

23. Hatch Act, 5 U.S.C. 1501-1508 and 7324-7328

24. Copeland Act, 40 U.S.C. 276c and 18 U.S.C. 874

25. Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333.

26. Federal Fair Labor Standards Act, 29 U.S.C. 201

27. Pursuant to California Government Code Section 16645, *et seq*, none of the funds shall be used to promote or deter Union/Labor organizing activities.

28. California Child Abuse and Neglect Reporting Act, California Penal Code Section 11164 *et seq.* and specifically Sections 11165.7, 11165.9, and 11166.

29. Section 106 of the National Historic Preservation Act of 1966, as amended, 16 U.S.C. 470, EO 11593, and the Archaeological and

Historic Preservation Act of 1974, 16 U.S.C. 469A-1 *et seq*.

30. Project requirements in 92 C.F.R. Part 92, Subpart F, as applicable in accordance with the type of project assisted under HOME Funds.

31. The Housing and Community Development Act of 1974, 42 U.S.C. 5301, *et seq.*

32. Uniform Administrative requirements in 24 C.F.R. Part 84 and as described in OMB Circular A-122.

33. Community Housing Development Organization requirements in 24 C.F.R. Sections 92.300, 92.301 and 92.303.

34. Eligible Community Development Block Grant Program activities under 24 C.F.R. Sections 570.200-570.207.

35. Measure JJJ of the November 8, 2016 Los Angeles City Special Municipal Election, Section 5 Affordable Housing and Good Jobs (to be codified in Sections 11.5.11 of the Los Angeles Municipal Code and Section 5.522 of the Los Angeles Administrative Code).

B. Developer must comply with Public Law 103-227, Part C—Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), if applicable. This Act requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by an entity and used routinely or regularly for the provision of health, day care, education or library services to children under the age of 18, if the services are funded by Federal programs either directly or indirectly or through State and local governments. Federal programs include grants, cooperative agreements, loans or loan guarantees and contracts. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds and portions of facilities used for inpatient drug and alcohol treatment. Developer further agrees that the above language will be included in any subcontracts that contain provisions for children's services and that all subcontractors shall certify compliance accordingly.

C. Developer acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the City under the False Claims Act (Cal. Gov. Code §§12650 *et seq.),* including treble damages, costs of legal actions to recover payments, and civil penalties of up to $10,000 per false claims.

D. The Developer shall carry out the construction and operation of the Project in conformity with all applicable laws and the requirements of the City, including all applicable federal, state and local labor standards. The Developer shall be responsible for complying with all applicable City, County and State building codes, and planning and zoning requirements, and shall take all necessary steps so that the development of the Property and the construction, use, operation, and maintenance of the Project thereon in accordance with the provisions of this Loan Agreement shall be in conformity with applicable zoning and General Plan requirements, and that all applicable environmental mitigation measures and other requirements shall have been complied with.

11.19 Severability.

If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

11.20 Binding Upon Successors; Covenants to Run With Land.

a. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the Parties; provided, however, that there shall be no Transfer except as permitted in Article 8. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement or under law.

b. The terms of this Agreement shall run with the land, and shall bind all successors in title to the Site until the termination of this Agreement, except that the provisions of this Agreement that are specified to survive termination of this Agreement shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Site or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases the Site or the applicable portion of the Site from the requirements of this Agreement.

11.21 Effectiveness of Agreement.

This Agreement is dated for convenience only and shall only become effective on the Effective Date.

11.22 Amendments.

This Agreement may be amended only by means of a writing signed by all Parties.

11.23 Police Power.

Nothing contained herein shall be deemed to limit, restrict, amend or modify, nor to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City, its departments, commissions, agencies and boards and the officers thereof, including, without limitation, any redevelopment plan or general plan or any zoning ordinances, or any of City's duties, obligations, rights or remedies thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of City in the furtherance of the public health, welfare and safety of the inhabitants thereof, including, without limitation, the right under law to make and implement independent judgments, decisions and/or acts with respect to planning, development and/or redevelopment matters (including, without limitation, approval or disapproval of plans and/or issuance or withholding of building permits) whether or not consistent with the provisions of this Agreement, any Exhibits attached hereto or any other documents contemplated hereby ("City Rules and Powers"). In the event of any conflict, inconsistency or contradiction between any terms, conditions or provisions of this Agreement, Exhibits or such other documents, on the one hand, and any such City Rules and Powers, on the other hand, the latter shall prevail and govern in each case. This Section shall be interpreted for the benefit of City.

11.24 Brokers.

The City and Developer each represents that it has not engaged any broker, agent or finder in connection with this transaction. Developer agrees to defend, indemnify and hold the City and all of the City's Representatives harmless from and against any Losses and Liabilities with respect to such commissions based upon the alleged acts of Developer. The City agree to defend, indemnify and hold Developer harmless from and against Losses and Liabilities with respect to such commissions based upon the alleged acts of the City. The indemnity obligations set forth in this Section shall survive the issuance of a Certificate of Completion by the City, repayment of the City Rent, termination of the Regulatory Agreement, withdrawal of the Notice of Affordability Restrictions and the termination of this Agreement.

11.25 Submittals and Approvals.

Various submittals are required by the Developer pursuant to this Agreement. To the extent expressly provided by this Agreement, the City shall approve or disapprove certain submittals from Developer within specified timeframes.

11.26 Incorporation by Reference.

Each of the attachments and exhibits attached hereto as part of Part I of Exhibits, and/or delivered to Developer as part of Part II of Exhibits is incorporated herein by this reference as though fully set forth herein.

11.27 Counterparts.

This Agreement may be executed by each Party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

11.28 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the matters contained herein and supersedes any prior memoranda of understanding, negotiation agreement or commitment letter.

11.29 Approval Procedure.

Execution and delivery of this Agreement by Developer shall constitute Developer's offer to enter into this Agreement with the City. Following receipt of the executed Agreement, this Agreement shall not be effective unless approved by the City Council and Mayor, and executed by the HCID General Manager or designee. This Agreement must be authorized, executed and delivered by HCID within seventy-five (75) calendar days after date of signature by Developer or Developer may withdraw its offer to enter into the Agreement upon written notice to the City. The effective date of this Agreement shall be the date when this Agreement has been executed by the City.

[Signatures appear on the following page]

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IN WITNESS WHEREOF, the Parties have executed this DDA Agreement as of the date first above written.

"HCID"

LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT

By: _____
SEAN L. SPEAR
Assistant General Manager

Dated: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER,
CITY ATTORNEY

By: _____
Deputy City Attorney

Dated: _____

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"DEVELOPER"

a California

By: _____

Its: _____

Dated: _____

By: _____

Its: _____

Dated: _____

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ACKNOWLEDGEMENT OF RECEIPT OF PART II OF EXHIBITS

The exhibits constituting Part II are Standard City Requirements which are set forth in a separate document, the receipt of which is hereby acknowledged by Developer.

Part II of Exhibits (Standard City Requirements):

1. City of Los Angeles Requirements and Checklist, with Attachments.
2. ADA Covenants.

By: _____

Its: _____

Date: _____

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DISPOSITION AND DEVELOPMENT AGREEMENT

PART I OF EXHIBITS

[BEHIND THIS PAGE]

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EXHIBIT A

SITE MAP

[BEHIND THIS PAGE]

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EXHIBIT B

LEGAL DESCRIPTION

[BEHIND THIS PAGE]

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EXHIBIT C

SCHEDULE OF PERFORMANCE

[BEHIND THIS PAGE]

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EXHIBIT D

SCOPE OF DEVELOPMENT

[BEHIND THIS PAGE]

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EXHIBIT E

PROJECT BUDGET

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EXHIBIT F

[intentionally omitted]

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EXHIBIT G

FORM OF ASSIGNMENT OF AGREEMENTS, PLANS, SPECIFICATIONS AND ENTITLEMENTS

[BEHIND THIS PAGE]

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EXHIBIT H

FORM OF STATUTORY REQUEST FOR NOTICE

[BEHIND THIS PAGE]

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EXHIBIT I

FORM OF REGULATORY AGREEMENT

[BEHIND THIS PAGE]

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EXHIBIT J

FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS

[BEHIND THIS PAGE]

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EXHIBIT K

HUD REQUIREMENTS

(TO BE ATTACHED ONLY IF CITY ASSISTANCE DERIVES FROM A PROGRAM OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT)

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PART II OF EXHIBITS – CITY CONTRACTING REQUIREMENTS

1. CITY CONSTRUCTION LOCAL HIRE PROGRAM

(TO BE ATTACHED ONLY IF A CONSTRUCTION LOCAL HIRE PROGRAM APPLIES. LOCAL HIRE PROGRAM APPLIES ONLY IF (A) CITY ASSISTANCE IS BETWEEN $500,000 AND $1,000,000; OR (B) CITY ASSISTANCE IS $1,000,000 OR MORE AND CONSTRUCTION CAREERS AND PROJECT STABILIZATION POLICY DOES NOT APPLY)

2. CITY IN-PLACE REHABILITATION PROCEDURES

(TO BE ATTACHED ONLY IF AGREEMENT INVOLVES REHABILITATION OF EXISTING HOUSING WITH DEVELOPERS IN PLACE)

3. CITY HEALTHY NEIGHBORHOODS POLICY

(TO BE ATTACHED ONLY IF CITY COUNCIL APPROVES AMENDED HEALTHY NEIGHBORHOODS POLICY AND THEN ONLY IF CITY ASSISTANCE EXCEEDS $1 MILLION AND THE PROJECT CONTAINS 50 OR MORE RESIDENTIAL UNITS OR 50,000 SQUARE FEET OF NON-RESIDENTIAL FLOOR AREA, OR IF THE PARTIES OTHERWISE AGREE TO LEED CERTIFICATION)

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PART II OF EXHIBITS

EXHIBIT 2

ADA COVENANTS

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ADA COVENANTS

I. The following terms shall have the following definition:

"Accessibility Requirements" refers to the accessibility requirements that must be followed in the design, construction or alteration of the Project or an individual housing unit of the Project (including common use elements), based on all the applicable laws and regulations, including: (1) Title II of the Americans with Disabilities Act("ADA"), 42 U.S.C. §12101, et seq. and the implementing standards ("2010 ADA Standards") at 28 C.F.R. pt. 35 and the 2004 ADA Accessibility Guidelines ("ADAAG"), (2) Section 504 of the Rehabilitation Act of 1973 ("Section 504"), 29 U.S.C. §794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of UFAS, (3) the Fair Housing Act ("FHA"), 42 U.S.C. §§3601-3620; 24 C.F.R. Parts 100, 103, and 104, and its implementing regulations, and the California Building Codes.

"Accessible" means when used with respect to a Housing Unit or a Housing Development, full compliance with the Accessibility Requirements.

"Accessible Housing Development" means a Housing Development that is Accessible, including Accessible public and common use areas.

"Accessible Housing Units" means collectively Housing Units that are on an Accessible Route, are Accessible, and are located in an Accessible Housing Development. The term Accessible Units refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features.

"Housing Development" means the whole of one or more residential structures in the Project, including common walkways and parking lots that were or are designed, constructed, altered, rehabilitated, operated, administered or financed in whole or in part by the City.

"Housing Unit" means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping.

"Housing Unit with Hearing/Vision Features" means a Housing Unit that complies with 24 C.F.R. §8.22 and the applicable UFAS or 2010 ADA Standards.

"Housing Unit with Mobility Features" means a Housing Unit that complies with 24 C.F.R. §8.22 and the applicable UFAS or 2010 ADA Standards.

"UFAS" means the Uniform Federal Accessibility Standards for the design, construction or alteration of buildings and facilities to ensure that they are readily accessible to and usable by individuals with disabilities, 24 C.F.R §40, Appendix A.

[Continued on the next page]

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II. Additional ADA requirements of the Issuer:

A. Accessible Housing Units. The Housing Development shall be constructed in accordance with HUD's Alternative Accessibility Standard set forth in HUD's notice at 79 Fed. Reg. 29,671 (May 23, 2014) to ensure accessibility for persons with disabilities. The following types of Accessible Housing Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the unit.

(a) At least ten percent (10%) of the total Housing Units in each Housing Development shall be constructed or rehabilitated and maintained by the Owner as Housing Units with Mobility Features.

(b) At least an additional four percent (4%) of the total Housing Units in each Housing Development shall be constructed or rehabilitated and maintained by the Owner as Housing Units with Hearing/Vision Features.

(c) In determining the number of units any fractions of units shall be rounded up to the next whole number.

(d) The Accessible Housing Units shall, to the maximum extent feasible, be geographically distributed and dispersed in terms of location within the Housing Development, and shall be provided in a range of unit sizes and types.

(e) Within fifteen (15) working days of the temporary Certificate of Occupancy being issued, Owner shall provide the City with a list of all Accessible Housing Units, specifying the unit number, bedroom size and type of impairment, i.e. mobility or hearing/vision.

(f) Following reasonable notice to Owner, Owner shall allow the City to conduct periodic onsite inspections of the Housing Developments in order to verify compliance with the Accessibility Standards.

(g) The City and/or its agents will monitor the Developer's compliance with this Agreement and the requirements of the source of funds utilized to finance the Project. Violations of this Agreement and/or funding requirements may result in penalties, fees and expenses being levied against the City. The Owner will be responsible for any costs, penalties, fees and expenses levied against the City and will be responsible to pay any expenses incurred by the City to enforce this Agreement.

HCIDLA will monitor the initial production and ongoing occupancy of the Accessible Housing Units and the Accessible Housing Development by applying the updated ADAAG to ensure full compliance with the Accessibility Requirements. In order to determine compliance with the Accessibility Requirements, Developer shall submit the

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name and HCIDLA shall review and approve a Certified Access Specialist ("CASp") for the Project. The CASp will:

1. Review building plans and specifications for compliance with Accessibility Requirements and issue a Building Plans Compliance Report;
2. Conduct progress/rough inspections and issue a Progress Inspection Report of the housing development that identifies any compliance issues; and
3. Conduct final inspection(s) to ensure that all compliance issues have been resolved. CASp will issue a set of findings that identify all compliance issues and a final Accessibility Report when the Project is in compliance.

HCIDLA shall inspect the construction/rehabilitation to verify that the correct number of Accessible Housing Units have been produced and that the necessary and required design elements have been constructed to make the units and site accessible for individuals with disabilities, in compliance with Section 2 and supported by an independent CASp consultant's report.

During the term of this Agreement, HCIDLA will utilize the Housing Development's City approved Property Management Plan and Fair Housing Policy in Regard to Disability, to monitor ongoing occupancy compliance of the Accessible Housing Units and nondiscrimination in regards to individuals with disabilities. Compliance with the Accessibility Requirements shall include, but not be limited to, target marketing, establishing and monitoring Transfer and Waiting Lists for the Accessible Housing Units, reasonable accommodations and modifications requests, implementation of the service animal policy and policy for re-leasing empty Accessible Housing Units and all elements contained in the Fair Housing Policy in Regard to Disability dated July 28, 2014, as amended over time.

[End of Exhibit 2]

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PART II OF EXHIBITS

EXHIBIT 3

MAYOR'S EXECUTIVE DIRECTIVE No. 26

Issue Date: December 21, 2012

City-wide Compliance with Federal and State Disablity Laws

[Behind This Page]

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PART II OF EXHIBITS – EXHIBIT 4

EXHIBIT 4

The Instructions and Information on Complying with City Insurance Requirements (Form General 133) and the Required Insurance and Minimum Limits Sheet (Form General 146) are attached hereto to this Exhibit 4.

EXHIBIT 4

INSURANCE CONTRACTUAL REQUIREMENTS

CONTACT For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at www.lacity.org/cao/risk. The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low cost alternative for contractors who are unable to obtain City-required insurance.

CONTRACTUAL REQUIREMENTS

DEVELOPER AGREES THAT:

1. Additional Insured/Loss Payee. The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.

2. Notice of Cancellation. All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.

3. Primary Coverage. DEVELOPER will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.

4. Modification of Coverage. The CITY reserves the right at any time during the term of this Contract to change the amounts and types of insurance required hereunder by giving DEVELOPER ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to DEVELOPER, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.

5. Failure to Procure Insurance. All required insurance must be submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by DEVELOPER.

DEVELOPER'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Contract shall constitute a material breach of this Contract under which the CITY may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from DEVELOPER.

6. Workers' Compensation. By signing this Contract, DEVELOPER hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake

self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

7. California Licensee. All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

8. Aggregate Limits/Impairment. If any of the required insurance coverages contain annual aggregate limits, DEVELOPER must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

9. Commencement of Work. For purposes of insurance coverage only, this Contract will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-4, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

Exhibit 4 (Continued)
Required Insurance and Minimum Limits

Name: _____ Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

___ **Workers' Compensation – Workers' Compensation (WC) and Employer's Liability (EL)** **WC** *Statutory*
EL _____

☐ Waiver of Subrogation in favor of City ☐ Longshore & Harbor Workers
☐ Jones Act

___ **General Liability** _____ _____

☐ Products/Completed Operations ☐ Sexual Misconduct _____
☐ Fire Legal Liability _____
☐ _____

___ **Automobile Liability** (for any and all vehicles used for this Contract, other than commuting to/from work) _____

___ **Professional Liability** (Errors and Omissions) _____

___ **Property Insurance** (to cover replacement cost of building – as determined by insurance company) _____

☐ All Risk Coverage ☐ Boiler and Machinery
☐ Flood _____ ☐ Builder's Risk
☐ Earthquake _____ ☐ _____

___ **Pollution Liability** _____

☐ _____

___ **Surety Bonds** – Performance and Payment (Labor and Materials) Bonds 100 % of Contract Price
___ **Crime Insurance** _____

Other: _____

Attachment E:
Owners Participation Agreement Template

OWNERS PARTICIPATION AGREEMENT

(PROJECT NAME)

by and among

CITY OF LOS ANGELES,

a municipal corporation, acting on its own behalf, and by and through the Housing and Community Investment Department as successor to the housing assets and housing functions of the Community Redevelopment Agency of the City of Los Angeles under Section 34176(a) of the California Health and Safety Code pursuant to the Agreement regarding CRA/LA Affordable Housing Assets and Functions with the effective date of April 5, 2013 ("City")

and

---

a California corporation
("Developer")

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OWNERS PARTICIPATION AGREEMENT

This Owners Participation Agreement ("Agreement"), dated, for identification purposes only, as of _____, 20__, is entered into by and among _____ a _____**corporation** (the "Developer"), and the CITY OF LOS ANGELES, a municipal corporation, acting on its own behalf, and by and through the Housing and Community Investment Department ("HCIDLA") as successor to the housing assets and housing functions of the Community Redevelopment Agency of the City of Los Angeles under Section 34176(a) of the California Health and Safety Code pursuant to the Agreement regarding CRA/LA Affordable Housing Assets and Functions with the effective date of April 5, 2013. HCIDLA and Developer are sometimes individually referred to in this Agreement as "Party" and collectively referred to as "Parties."

ARTICLE 1. SUBJECT OF AGREEMENT.

1.1 Purpose of Agreement.

a. The purpose of this Agreement is to effectuate disposition and development of certain real property commonly known as _____that is currently owned in fee title by the City, defined in this agreement as "City Site" and to effectuate the development of certain real property commonly known as _____ that is currently controlled by the Developer, defined in this agreement as "Developer Site", which together will be defined as the "Site", to stabilize the neighborhood by providing, subject to all the terms and conditions of this Agreement, for the following: (i) the disposition of "City Site" for the purchase price of _____ _____ Dollars $_____, of which the City has sole ownership to be paid to the City in the form of a promissory note secured by deed of trust ("Acquistion Loan"); (ii) and the redevelopment and operation of affordable housing on the Project Site as more particularly provided in this Agreement (the "Project"). The disposition, development, financing and use of the Site pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of Los Angeles and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements.

b. It is the intention of the City and Developer that the Project shall develop new housing that will be operated and maintained as rental housing that will be affordable to and occupied by persons and families of Moderate, Low and Very-Low Income, as more particularly described in this Agreement, below.

c. This Agreement is entered into for the purpose of redeveloping the Site and providing affordable housing and not for speculation in landholding. [ENTER PROJECT INFORMATION: SAMPLE follows] _____When completed, the Project

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will consist of a total of Sixty Four (64) residential units, comprised of 58 one-bedroom units and 6 two-bedroom units, of which Sixty Two (62) units (58 one-bedroom and 4 two-bedroom units) will be designated as affordable units for rent to the residents with personal or household income not to exceed Moderate Income pursuant to California Health and Safety Code Section 50093, and another two (2) 2-bedroom units will be unrestricted for use by the two property managers on-site, as further described in the Regulatory Agreement, **Exhibit I**. The Project will include 63 parking spaces (53 residential spaces and 11 commercial spaces). The target population of the Project is the head of households aged fifty-five (55) years or older. The Project will include laundry on-site, community room with a kitchen, offices for property management and resident services staff. The Project site size will be about 40,934 square feet of land area, gross building area of approximately 43,300 square feet of residential area, and 30,000 gross square feet of below grade garage area.

d. The City intends by this Agreement to cause the redevelopment of the Site to occur and to preserve and improve the community's supply of affordable housing for Moderate, Low and Very Low Income Households.

e. Each Party hereby acknowledges that it will obtain valuable benefits from this Agreement. The Parties further acknowledge that in entering into this Agreement, each Party is relying on the performance of the other Party.

(i) The City acknowledges that the development and use of the Project on the Site by Developer pursuant to the terms and conditions of this Agreement will further the purposes set forth in the California Community Redevelopment Law if applicable, and policies adopted by the City and the City Council by preserving and improving the community's supply of housing that is affordable to persons and families of low and moderate income helping to remedy the physical and economic conditions of blight (the "Project Area"), generating construction jobs in the development of the Project and permanent jobs in its operation, and encouraging further private investment that will benefit the entire Project Area.

(ii) Developer acknowledges that performance by the City of its obligations pursuant to the terms of this Agreement will provide to Developer and its principals significant and valuable financial benefits and that the City's performance of these obligations is in consideration of Developer's commitment to comply with the requirements of this Agreement in the acquisition, development, construction, operation and use of the Project on the Site. These benefits will include, but not be limited to: ownership of the Site; Developer fees associated with the development of the Project; and, property management fees associated with the long-term ownership and management of the Project.

1.2 Definitions.

Capitalized terms not otherwise defined in this Agreement shall have the following meanings:

"Acquisition Loan" shall mean the loan to be made by the City to Developer to finance the purchase of the City Site described in **Exhibits A and B** of Part I of Exhibits, attached to this Agreement.

"Acquisition Loan Deed of Trust" shall mean the Deed of Trust securing the Acquisition Loan, encumbering the Site, in a form attached to this Agreement as **Exhibit H** of Part I of Exhibits.

"Acquisition Loan Documents" means, collectively, the Grant Deed, the Regulatory Agreement, the Notice of Affordability Restrictions, the Acquisition Note, the Acquisition Loan Deed of Trust, the Intercreditor Agreement (if any), the Assignment of Agreements, Plans, Specifications and Entitlements and all other documents required to be executed by the Developer and/or the City in connection with the transactions contemplated by this Agreement.

"Acquisition Loan Term" shall mean fifty-seven (57) years, commencing with the date of the Acquisition Note.

"Acquisition Note" shall mean the promissory note in favor of the City evidencing the Acquisition Loan, secured by the Acqusition Loan Deed of Trust, in a form attached to this Agreement as **Exhibit G** of Part I of Exhibits.

"Affiliate" shall mean any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer, which, in the case of a partnership, shall include, each of the constituent general partners thereof, and in the case of a limited liability company, each of the constituent members thereof. The term "control", as used in the immediately preceding sentence, means, with respect to a corporation, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights attributable to the shares of the controlled corporation and, with respect to a person that is not a corporation, the possession directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

"Affordable Rent" shall have the appropriate meaning set forth in California Health and Safety Code Section 50053(b), which, as of the date hereof, means monthly rent, including a reasonable utility allowance, that does not exceed the following respective amounts (which are more particularly set forth in the Income and Rent Limits exhibit attached to the Regulatory Agreement (**Exhibit K** of Part I of Exhibits):

(a) for an Extremely Low Income Household, one-twelfth of the product of thirty percent (30%) times thirty percent (30%) of the Area Median Income adjusted for family size appropriate for the unit, (as that term is defined in

California Health and Safety Code Section 50052.5), as determined by the California Department of Housing and Community Development ("HCD");

(b) for a Very Low Income Household, one-twelfth of the product of thirty percent (30%) times fifty percent (50%) of the Area Median Income adjusted for family size appropriate for the unit, as determined by HCD;

(c) for a Low Income Household, one-twelfth of the product of thirty percent (30%) times sixty percent (60%) of the Area Median Income adjusted for family size appropriate for the unit, as determined by HCD, which Developer may adjust upon each annual income verification and recertification for any Low Income Household with an annual income that exceeds sixty percent (60%) but does not exceed eighty percent (80%) of Area Median Income, to an amount that does not exceed thirty percent (30%) of the actual income of the Household; and

(d) for a Moderate Income Household, one-twelfth of the product of thirty percent (30%) times one hundred ten percent (110%) of the Area Median Income adjusted for family size appropriate for the unit as determined by HCD, which Developer may adjust upon each annual income verification and recertification for any Moderate Income Household with an annual income that exceeds one hundred ten percent (110%) but does not exceed one hundred twenty percent (120%) of Area Median Income, to an amount that does not exceed thirty percent (30%) of the actual income of the Household.

"Affordable Unit" shall mean any of the dwelling units in the Improvements required by this Agreement and/or the Regulatory Agreement to be rented exclusively to and occupied by an Extremely Low, Very Low, Low or Moderate Income Household.

"Agreement" shall mean this Owners Participation Agreement.

"Area Median Income" shall have the meaning set forth therefor in California Health and Safety Code Section 50093, as it may be amended from time to time.

"Assignment of Agreements, Plans, Specifications and Entitlements" shall mean an instrument substantially in the form attached to this Agreement as **Exhibit L** of Part I of Exhibits.

"Building Permit" shall mean all building and grading permits required to be obtained from the City for the construction of the Improvements.

"Business Day" means a week day, and shall specifically exclude those days described in California Civil Code Section 7.1, as amended from time to time.

"Certificate of Completion" shall mean that certificate issued by the Ctiy to the Developer pursuant to Section 6.4 of this Agreement.

"City" shall mean the City of Los Angeles, California, a municipal corporation, operating through its governing body, the City Council, and its various departments.

"City Site" shall mean one (1) City-owned parcel located at _____, Los Angeles, APN _____, depicted on the City Site Map attached to this Agreement as **Exhibit A** of Part I of Exhibits and more particularly described by the City Site Legal Description attached to this Agreement as **Exhibit B** of Part I of Exhibits.

"Close of Escrow" shall mean the close of escrow for conveyance of the City Site by the City to Developer as provided in Article 3 of this Agreement.

"Closing Date" shall mean the date described in Section 3.9 of this Agreement.

"Community Outreach Plan" shall mean the plan described in Section 6.13.c. of this Agreement.

"Completion" shall mean completion of construction of the Improvements as required by all the requirements of this Agreement.

"Conditions Precedent" shall mean the conditions set forth in Section 3.1 of this Agreement.

"Construction Lender" shall mean the maker of the Construction Loan.

"Construction Loan" shall mean a loan secured by a Construction Loan Deed of Trust and made by a third party to Developer to finance certain development costs of the Project during the construction phase of the Project.

"Construction Loan Deed of Trust" shall mean any deed of trust recorded against the Site securing a Construction Loan.

"Construction/Permanent Loan" shall mean a loan that is both a Construction Loan and Permanent Loan.

"Construction/Permanent Loan Deed of Trust" shall mean any deed of trust recorded against the Site securing a Construction/Permanent Loan.

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"Developer" shall mean _____, L.P., a California Limited Partnership, whose Managing General Partner is _____, a California Limited Liability Corporation, whose General Partner is _____, Inc., a California non-profit benefit corporation, or any permitted Transferee or successor in interest approved by the City in accordance with Article 7 of this Agreement.

"Developer Site" shall mean _____ parcels of land, commonly known as _____, APN _____, located in Los Angeles, title to which is held by the Developer in fee title.

"Development Costs" shall mean any properly documented costs incurred by Developer in connection with the acquisition of the City Site and the entitlement, design, financing and construction of the Project, as set forth in the Project Budget and Financing Plan.

"Effective Date" shall mean the date, after this Agreement is executed by Developer and approved by the City, that this Agreement is executed by the HCID General Manager or designee, and/or City Clerk, which date shall be the latest date set forth on the signature page(s) of this Agreement.

"Eligible Household" shall mean, as applicable to this Agreement, a household that qualifies as an Extremely Low Income Household, a Very Low Income Household, a Low Income Household or a Moderate Income Household.

"Encumbrance" shall mean and include any mortgage, deed of trust, lease, lien, easement, restrictive covenant or regulatory agreement or other security interest recorded against title to the Site.

"Environmental Laws" shall mean all federal, state and local laws, ordinances and regulations relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, release, disposal or transportation of Hazardous Substances.

"Escrow Agent" shall mean _____ or such other escrow agent as may be approved by the City.

"Event of Default" shall have the meaning set forth in Section 10.1 of this Agreement.

"Exceptions" shall mean all exceptions, reservations, liens, encumbrances, qualifications, covenants, conditions, restrictions, leases, easements, rights of way, or other like matters affecting the Site, and all matters or states of facts reflected on or arising out of any tentative or final parcel map for the Site, or concerning or related to zoning,

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subdivision, permitted use or physical condition of the Site, or arising from the redevelopment, development or related activities of Developer.

"Extremely Low Income Households" shall have the meaning set forth therefor in California Health and Safety Code Section 50106, as it may be amended from time to time.

"Financing Plan" shall mean the plan described in Section 3.2.b. of this Agreement.

"General Contractor" shall mean the licensed contractor or firm selected by Developer with overall responsibility for construction of the Project.

"Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorization, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision.

"Grant Deed" shall mean the instrument(s) conveying title to the City Site to Developer, in a form attached to this Agreement as **Exhibit F** of Part I of Exhibits.

"Hazardous Materials" shall mean: (i) any chemical, compound, material, mixture or substance that is now or may later be defined or listed in, or otherwise classified pursuant to, any Hazardous Materials Law as a "hazardous substance", "hazardous waste", "extremely hazardous waste", acutely hazardous waste", radioactive waste", infectious waste", biohazardous waste", "toxic substance", "pollutant", "toxic pollutant", "contaminant", as well as any formulation not mentioned herein intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, "EP" toxicity, or "TCLP toxicity"; (ii) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (iii) "hazardous substance" as defined in Section 25281 of the California Health and Safety Code; (iv) "waste" as defined in Section 13050(d) of the California Water Code; (v) asbestos in any form; (vi) urea formaldehyde foam insulation; (vii) transforms or other equipment which contain dilectric fluid containing levels of polychlorinated biphenyls (PCBs) in excess of fifty (50) parts per million; (viii) radon; and (ix) any other chemical, material, or substance that, because of its quantity, concentration, or physical or chemical characteristics, exposure to which is now or hereafter limited or regulated for health and safety reasons by any governmental authority, or which poses or is later determined to pose a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. The term "Hazardous Materials" shall not include:

construction materials, gardening materials, household products, office supply products or janitorial supply products customarily used in the construction, maintenance, rehabilitation, or management of residential property, or commonly used or sold by hardware, home improvement stores, or medical clinics and which are used and stored in accordance with all applicable Hazardous Materials Laws.

"Hazardous Materials Laws" means all present and future federal, state and local laws, ordinances, regulations, permits, guidance documents, policies, decrees, orders and any other requirements, whether statutory, regulatory or contractual, of governmental authorities relating to health, safety, the environment or the use, handling, disposal or transportation of any Hazardous Materials (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation Recovery Act, the Clean Water Act, the Clean Air Act, and the applicable provisions of the California Health and Safety Code and the California Water Code, as each such statute may from time to time be amended, and the rules, regulations and guidance documents promulgated pursuant to any such statute).

"HCD" shall mean the California Department of Housing and Community Development.

"Housing Design Guidelines" shall mean the City's Architectural Requirements, including the Architectural Design Guidelines, substantially in the form included in Part II of Exhibits, receipt of which is hereby acknowledged.

"HUD Requirements" shall mean the requirements, to the extent applicable, listed in the form included as **Exhibit M** of Part I of Exhibits, receipt of which is hereby acknowledged.

"Improvements" shall mean and include all demolition, site preparation and grading, as well as all buildings, structures, fixtures, excavation, parking, landscaping, and other work, construction, rehabilitation, alterations and improvements of whatsoever character to be constructed or performed by Developer on, around, under or over the Site pursuant to this Agreement.

"Intercreditor Agreement" shall mean an agreement to be entered into by and among HCID, Developer, and/or other parties, as applicable, in form and substance that is acceptable to the City or its designee and that addresses, among other things, the disbursement of loan proceeds by the City and other Lender(s) and gives the City the right to review and comment on disbursements by the other Lender(s).

"Investor Member/Limited Partner Capital Contribution" shall mean funds provided to Developer by the Tax Credit Equity Investor in consideration of the Low Income Tax Credit and, if applicable, Historic Rehabilitation Tax Credit.

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"HCID" shall mean the City of Los Angeles, acting by and through its Housing and Community Investment Department of the City.

"Losses and Liabilities" shall mean and include all claims, writs, demands, causes of action, liabilities, losses, damages, judgments, injuries, expenses (including, without limitation, attorneys' fees and costs incurred by the indemnified party with respect to legal counsel of reasonably acceptable to it) charges, penalties or costs of whatsoever character, nature and kind, whether to property or to person, and whether by direct or derivative action, known or unknown, suspected or unsuspected, latent or patent, existing or contingent.

"Low or Moderate Income Households" shall have the same meaning as the term "persons and families of low or moderate income" set forth in California Health and Safety Code Section 50093, as it may be amended from time to time.

"Low Income Households" shall have the same meaning as the term "Lower income households" set forth in California Health and Safety Code Section 50079.5, as it may be amended from time to time.

"Low Income Housing Tax Credit" shall mean the tax credit authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

"Management Plan" shall mean a plan as described in Section 7.5.a. of this Agreement.

"Moderate Income Households" shall have the same meaning as the term "persons and families of low or moderate income" set forth in California Health and Safety Code Section 50093, as it may be amended from time to time.

"Notice of Affordability Restrictions" shall mean the Notice of Affordability Restrictions on Transfer of Property to be recorded against the Site, substantially in the form attached to this Agreement as **Exhibit L** of Part I of Exhibits.

"Ownership and/or Control" shall mean, without limitation, a majority of voting rights and beneficial ownership with respect to all classes of stock, interests in partnerships or limited liability companies, and/or beneficial interests under a trust, as may be applicable to the type of entity in question. In the case of a trust, such term shall also include the rights of the trustee as well as the beneficiary.

"Parties" shall mean the City, HCID and the Developer, collectively, and "Party" shall mean either the City, HCID or the Developer.

"Permanent Lender" shall mean the maker of the Permanent Loan.

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"Permanent Loan" shall mean the loan secured by a Permanent Loan Deed of Trust and made by a third party to Developer to finance certain development costs of the Project after construction completion and stabilization of occupancy of the Project.

"Permanent Loan Deed of Trust" shall mean any deed of trust recorded against the Site securing a Permanent Loan.

"Permitted Lender" shall mean the holder of any Security Financing Interest authorized by this Agreement and identified in the Project Budget or Financing Plan.

"Permitted Loan" shall mean any loan secured by a Security Financing Interest authorized by this Agreement and identified in the Project Budget.

"Permitted Transfer" means any of the following, provided Developer or a general partner or managing member, as the case may be, of Developer retains day-to-day control over management and operations of the Site and the Improvements:

a. A conveyance of a security interest in the Site in connection with any Permitted Loan and any subsequent transfer of title by foreclosure, deed or other conveyance in lieu of foreclosure in connection therewith;

b. A conveyance of the Site or other Transfer by Developer to a limited partnership or limited liability company in which Developer is managing general partner or managing member, as the case may be, and the Tax Credit Equity Investor is a limited partner or member, as the case may be, or to any other Affiliate, or a sale back from such entity to Developer;

c. The inclusion of equity participation by Developer by addition of members to Developer's limited liability company, limited partners to Developer's limited partnership, or similar mechanisms;

d. The sale of non-managing membership or limited partnership interests to any Affiliate of the Tax Credit Investor;

e. The lease for occupancy of all or any part of the Improvements on the Site;

f. The granting of easements or permits to facilitate the development of the Site in accordance with this Agreement;

g. In addition, the withdrawal, removal and/or replacement of any managing member of Developer's limited liability company or general partner of Developer's partnership, as the case may be, pursuant to the terms of the Developer's LLC Agreement or partnership agreement, as the case may be, shall not constitute a default under this Agreement or any of the City Loan

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Documents or Acquisition Loan Documents, nor shall such actions accelerate the maturity of the City Loan or the Acquisition Loan, provided that any required substitute member or general partner, as the case may be, is reasonably acceptable to the City and is selected with reasonable promptness;

h. Any other transfer approved in writing by the City or its designee, at its sole discretion;

"Person" means an individual, corporation, partnership, limited liability company, joint venture, association, firm, joint stock company, trust, unincorporated association or other entity.

"Project" shall mean Developer's acquisition of the City Site and the development of the Improvements on the Site, as required by this Agreement and the Scope of Development.

"Project Architect" shall mean the licensed architect or firm of architects selected by Developer with overall responsibility for the design of the Project.

"Project Budget" means the preliminary estimate of sources and uses of funds necessary to develop the Project attached to this Agreement as **Exhibit E** of Part I of Exhibits.

"Project Documents" shall mean and include such preliminary and Final Construction Drawings and specifications, grading plans, landscape plans, site development plans, plot plans, off-site improvement plans, architectural renderings and elevations, material specifications, parking plans and other plans and documents as are required to be submitted to HCID pursuant to Article 5 of this Agreement or any applicable Governmental Restrictions.

"(Project Name)___" shall mean that certain real property, owned by ____ _____, located at _____, Los Angeles, California depicted on the Site Map attached to this Agreement as **Exhibit A** of Part I of Exhibits and more particularly described by the Legal Description attached to this Agreement as **Exhibit B** of Part I of Exhibits.

"Purchase Price" shall mean the compensation to be paid and provided by Developer to the City for the City Site, as further set forth in Section 3.5 of this Agreement.

"Redevelopment Plan" shall mean the "Redevelopment Plan for the Redevelopment Project Area in which the project is located" adopted by Ordinance of the City Council of the City of Los Angeles, as amended from time-to-time.

"Regulatory Agreement" shall mean the Regulatory Agreement to be entered into by the City and Developer and recorded against the Site, attached to this Agreement as **Exhibit K** of Part I of Exhibits.

"Residual Receipts"shall mean Revenues reduced in the following order : (1) Operating Expenses calculated on a cash basis; (2) debt services on senior project debt secured by the senior position deed of trust; (3) deposits to the Operating Reserve Fund; (4) deposits to the Replacement Reserve Fund; (5) deposits to the Transition Reserve Funds; (6) deposits to the Supportive Services Reserve Fund; (7) repayment of general partner loans; (8) deferred developer fees; and (9) related or third party transactions, including but not limited to partnership management fee, investor service fee, asset management fee, annual partnership review fee, administrative fee, incentive supervisor fee, and / or facility administration fee. The combined total amount of related or third party transactions shall not exceed fifteen thousand dollars ($15,000) annually or Portfolio Management Guidelines, whichever is greater. Deferred developer fees shall be drawn from the project cash flow over the first fifteen (15) years of project operation.

"Residual Receipts Loan" shall mean any loan to be secured by a deed of trust on the Site that finances or refinances any portion of the Total Development Costs and is to be repaid by a share of Developer's net cash flow in proportion to all other Residual Receipts Loans financing the Project.

"Schedule of Performance" shall mean the Schedule of Performance attached to this Agreement as **Exhibit C** of Part I of Exhibits, which is incorporated herein by this reference. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City or its designee.

"Scope of Development" shall mean the Scope of Development attached to this Agreement as **Exhibit D** of Part I of Exhibits, which is incorporated herein by this reference.

"Security Financing Interests" shall have the meaning set forth in Section 9.1.b. of this Agreement.

"Site" shall mean that certain real property consisting, jointly, of City Site and the Developer Site depicted on the Site Map attached to this Agreement as **Exhibit A** of Part I of Exhibits and more particularly described by the Legal Description attached to this Agreement as **Exhibit B** of Part I of Exhibits.

"Statutory Request for Notice of Default" shall mean an instrument substantially in the form attached to this Agreement as **Exhibit J** of Part I of Exhibits

"Tax Credit Equity Investor" shall mean any Person who will be an investor member in Developer's limited liability company or investor limited partner in Developer's

partnership, as the case may be, and who will purchase the Low Income Housing Tax Credit and, if applicable, Historic Preservation Tax Credit and own not less than a 99% interest in Developer.

"Third Party Lender" shall mean the maker of any Loan or beneficiary of any Loan deed of trust, except for the City.

"Third Party Loan" shall mean the Construction Loan, Permanent Loan, Construction/Permanent Loan (if any), and/or any other loan, credit enhancement or construction period guaranty facility that is secured by a deed of trust or other instrument, except for the City Acquisition Loan.

"Title Company" shall mean _____ or such other title insurance company as may be approved by the City.

"Total Development Costs" shall mean the total cost to Developer of acquiring the Site and designing, entitling, financing and constructing the Project thereon, as set forth in the Project Budget and Financing Plan.

"Transfer" shall mean and include any voluntary or involuntary transfer, sale, assignment, lease, sublease, license, franchise, concession, operating agreement, gift, hypothecation, mortgage, pledge or encumbrance, or the like, of all or any portion of the Site, any rights or obligations of the Developer under this Agreement, or any interest in the Developer, to any person or entity ("Transferee").

"Very Low Income Households" shall have the meaning set forth therefor in California Health and Safety Code Section 50105, as it may be amended from time to time.

1.3 Exhibits.

The following is a list of the exhibits applicable to this Agreement. The exhibits constituting Part I are attached to this Agreement. The exhibits constituting Part II are Standard City Contracting Requirements which are set forth in a separate document, the receipt of which is hereby acknowledged by Developer. All of the exhibits are hereby incorporated by this reference as though fully set forth herein.

a. Part I of Exhibits:

A. City Site Map
B. City Legal Description
C. Schedule of Performance
D. Scope of Development
E. Project Budget
F. Form of Grant Deed(s)

G. Form of Acquisition Note
H. Form of City Loan Deed of Trust
I. Form of Assignment of Agreements, Plans, Specifications and Entitlements
J. Form of Statutory Request for Notice
K. Form of Regulatory Agreement
L. Form of Notice of Affordability Restrictions
M. HUD Requirements [if applicable]

a) Part II of Exhibits (Standard City Contracting Requirements):

1. City of Los Angeles Requirements and Checklist, with Attachments
2. ADA Covenants
3. Mayoral Directive
4. City Insurance Requirements

ARTICLE 2. PARTIES TO THE AGREEMENT.

2.1 City of Los Angeles.

The City of Los Angeles, a municipal corporation, acting by and through its Housing and Community Investment Department. The address of HCID for the purposes of receiving notice pursuant to this Agreement is:

Housing and Community Investment Department
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attention: General Manager

With a copy to:

Los Angeles Housing Department
Asset Management Division
1200 W. 7th Street, Suite 900
Los Angeles, CA 90017
Attention: Asset Manager

The term "HCID" includes any assignee or successor to HCID's rights, powers and responsibilities under this agreement.

2.2 Developer

Developer is _____, a California limited partnership. The address of Developer for purposes of receiving notice pursuant to this Agreement is:

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_____
_____
_____
Attention: _____

With a copy to:

_____
_____
_____
Attention: _____

The term "Developer" as used herein includes any authorized and approved Transferee of Developer as permitted in accordance with Article 8 of this Agreement. All of the terms, covenants, and conditions of this Agreement shall be binding on such Transferees, successors and assigns of Developer.

2.3 No Joint Venture.

The City and Developer are not and shall not be deemed to be partners, co-venturers, joint ventures or in any other way related to one another, nor shall either party have any fiduciary, confidential or agency relationship with the other.

ARTICLE 3. DISPOSITION OF CITY SITE.

3.1 Conditions Precedent to Close of Escrow.

Subject to the terms and conditions of this Agreement, the City shall convey fee title to the City Site to Developer for redevelopment and the provision of affordable housing. The City shall not be obligated to convey title to the City Site to Developer, and the Close of Escrow shall not occur, if an Event of Default has occurred and has not been cured within the applicable cure period, if any. The Close of Escrow is further conditioned upon the timely satisfaction of each of the following conditions (the "Conditions Precedent"), not later than the time provided in the Schedule of Performance for the Closing Date (as such date may be extended in accordance with the terms of this Agreement). It shall be Developer's obligation to cause all of the Conditions Precedent to be satisfied in a timely fashion, as provided in this Agreement, and to provide written documentation sufficient for the HCID General Manager or designee to determine compliance, not later than ten (10) Business Days prior to the scheduled Closing Date (unless a different time is provided in this Agreement). The City shall have the right to approve or disapprove any submittal. Any approval or disapproval shall be in writing. Any disapproval shall contain an explanation of the reason(s) for disapproval. Developer shall

have eight (8) Business Days after any disapproval to submit additional or corrected documentation. Failure by the City to approve or disapprove any submittal in writing within ten (10) Business Days of receipt shall be deemed a disapproval. The City shall have the right to terminate this Agreement in the event of a failure of any Condition Precedent within the respective time specified for the satisfaction of such condition in this Agreement, but in any event not later than the time provided in the Schedule of Performance for the scheduled Closing Date. Unless expressly provided otherwise, each of the following conditions is for the exclusive benefit of the City.

(i) Developer's Certificate. Developer shall certify to the City in writing that (i) all information provided by Developer to the City in connection with this Agreement remains true and correct in all material respects; and (ii) Developer is in full compliance with the terms of this Agreement and there exists no Event of Default pursuant to this Agreement, nor has any act, omission or condition occurred that, with the giving of notice, would constitute an Event of Default pursuant to this Agreement;

(ii) Opinion of Developer's Counsel. Developer shall deliver to the City a written opinion in a form acceptable to the City, to be signed by counsel to Developer on the Closing Date, with respect to: (i) the legality, validity and binding effect of this Agreement and its enforceability against Developer in accordance with its terms; (ii) the absence of any litigation or other proceedings, either pending or threatened, which could have a material adverse effect on the ability of Developer to perform pursuant to this Agreement; and (iii) such other standard and customary matters for legal opinions to be given by Developer's counsel in real estate secured financing transactions as reasonably requested by HCID. The opinion of Developer's counsel shall disclose whether any consent, approval or other authorization, regulation, declaration or filing with any court or other governmental agency or commission or other public entity is required for the due execution and delivery of this Agreement and the Acquisition Loan and Acquisition Loan Documents pursuant to this Agreement;

(iii) Developer's Formation Documents. Developer shall deliver to HCID documentation relating to the status of Developer's corporate, partnership, limited liability or other similar entity, and those of any general partners or managing members of Developer, including, without limitation and as applicable, the following: limited partnership agreements and any amendments thereto; articles of incorporation; limited liability company articles of incorporation (LLC-1); statement of information and operating agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; and a certificate of status issued by the California Secretary of State;

(iv) Title. The Title Company shall confirm in writing that all conditions precedent to the Close of Escrow for Developer to take title to the City Site, other than the payment of the Purchase Price (if any), shall have been satisfied;

(v) Appraisal or Other Determination of Value. The City shall have determined, in their sole discretion, that the Purchase Price payable by Developer for the City Site is acceptable;

(vi) Site Conditions. The City and Developer shall determine that no adverse Site conditions exist that may interfere with the development of the Site as provided in this Agreement, or, if such Site conditions exist, that they are being addressed to the satisfaction of the City. This condition is for the benefit of the City and Developer;

(vii) City's Lender's Title Insurance Policy. The City shall have received written confirmation from the Title Company that the Title Company is committed to issue to the City, upon the Close of Escrow, without cost to the City, an extended ALTA Lender's Title Insurance Policy (without deletions), in the combined amount of the Acquisition Loan, showing the Acquisition Loan Deed of Trust and other encumbrances to be recorded against the Site as of the Close of Escrow in a relative order of priority that is acceptable to HCID General Manager or designee, together with such endorsements as the City may request;

(viii) Developer's Title Insurance Policy. The City shall have received written confirmation from the Title Company that the Title Company is committed to issue to Developer, upon the Close of Escrow, the Developer's Title Insurance Policy, as provided in Section 3.11 of this Agreement. This condition is for the benefit of the City and Developer;

(ix) Evidence of Insurance. Developer shall have submitted to the City evidence of the Insurance Policies required by Section 7.10 of this Agreement. The City shall be named as loss payee or additional insured on all policies, as applicable. Developer shall ensure that all worker compensation insurance policies carried by the General Contractor and subcontractors working on the Project include a waiver of subrogation in favor of the City.

(x) Project Budget. As a condition precedent to the Close of Escrow, the acceptance of the Acquisition Note, Developer shall deliver to the City a certification in writing that the Project Budget remains in effect as of such date, or Developer shall have delivered to the the City a proposed revision to the Project Budget, demonstrating to the reasonable satisfaction of the HCID General Manager or designee the availability of sufficient funds to pay all Total Development Costs.

(xi) Financing Plan. Developer shall have submitted and the City shall have approved a Financing Plan for the Project, meeting the requirements of Section 3.2.b. of this Agreement.

(xii) Closing Cost Statement. The City and Developer shall have received an estimated closing cost statement of costs from the Escrow Agent. This condition shall be for the benefit of the City and Developer;

(xiii) Purchase Price. Not later than two (2) Business Days prior to the Scheduled Close of Escrow, Developer shall have deposited the Purchase Price by delivering the fully executed Acquisition Note and Acquisition Deed of Trust into Escrow;

(xiv) Recording Instructions. Developer and the City shall have executed and delivered to the Escrow Agent mutually agreed-upon and irrevocable supplemental escrow and recording instructions authorizing the Escrow Agent to deliver the Purchase Price (if any) to the City and to record and/or deliver the closing documents listed below, which escrow instructions shall also state that the Grant Deed shall be recorded only upon satisfaction of the Conditions Precedent, and the Escrow Agent shall have approved such supplemental escrow and recording instructions as may have been prepared on behalf of the City and Developer; and

(xv) Documents. Not later than two (2) Business Days prior to the Close of Escrow, the City, Developer and/or other parties, as appropriate, shall have executed the following documents and delivered them to the Escrow Agent, for recording and distribution, as appropriate, upon the Close of Escrow:

(i) Grant Deed(s) (to be signed by the City and consented to by Developer and recorded concurrently with the Close of Escrow). This condition shall be for the benefit of the City and Developer;

(ii) City Acquisition Note (to be signed by Developer and retained by the City);

(iii) City Acquisition Deed of Trust (to be signed by Developer and recorded concurrently with the Close of Escrow);

(iv) City Acquisition Loan documents, as set forth in the City Agreement;

(v) Regulatory Agreement (to be signed by Developer and the City and recorded concurrently with the Close of Escrow);

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(vi) Notice of Affordability Restrictions on Transfer of Property (to be signed by the City and Developer and recorded concurrently with the Close of Escrow);

(vii) Assignment of Agreements, Plans, Specifications and Entitlements (to be signed by Developer, Project architect and contractor, as applicable, and retained by the City);

(viii) Intercreditor Agreement(s), if any (to be signed by the City, Developer and any other lender(s) party to such agreement); and

(ix) Statutory Request for Notice under Section 2924b of the Civil Code (to be signed by the City and recorded upon the Close of Escrow).

3.2 Financing for the Project.

a. Project Budget. The Parties estimate that the Total Development Costs will be as set forth in the Project Budget. The initial Project Budget is attached to this Agreement as **Exhibit E** to Part I of Exhibits. The Parties acknowledge that the Project Budget shall serve as a guide for preparation of a more detailed Financing Plan. From time to time after the execution of this Agreement and through completion of construction, the Project Budget shall be subject to one or more amendments (each such amendment referred to as a "Revision" in this Agreement). Any Revision shall be subject to the approval of the HCID General Manager or designee. The HCID General Manager or designee is authorized to approve, and shall not unreasonably withhold approval of, any requested Revision for which the Third Party Lender's approval is not required under the terms of the Third Party Loan documents, or which has been approved by the Third Party Lender, if, within five (5) Business Days after receipt of the request, the City receives such explanation and/or back-up information as was received and relied upon by the Third Party Lender in connection with its approval of the Revision, and if the following conditions are satisfied:

(i) the Revision is limited to a reallocation of budgeted funds among Project Budget line items without any increase in the total Project Budget and the funds in the line item(s) to be reduced remain sufficient for completion of the Project and the requested increase in one or more line item(s) is to be used to pay approved costs, or the Revision involves an increase in the Total Development Costs, not to exceed fifteen percent (15%) of the Total Development Costs, and additional funds in an amount equal to the increase in the total Project Budget will be provided by Developer or a lender, and the requested increase in the Project Budget is to be used to pay approved costs.

(ii) the Revision does not increase the amount of any City loan;

(iii) the Revision does not result in a material change to the design of the Project;

(iv) the Revision does not materially adversely affect the economic feasibility of the Project; and

(v) the Revision does not materially adversely affect the security of the Acquisition Loan Deed of Trust.

Upon approval of any Revision, the Project Budget shall be replaced by the approved revised Project Budget and this Agreement shall be deemed amended to reflect such revised Project Budget.

b. Financing Plan. Not later than twenty (20) Business Days prior to the scheduled Closing Date, Developer shall submit to HCID a proposed Financing Plan, consisting of the following: (1) a ten-year cash flow projection for operation of the Project; (2) a current Project Budget, updated on the basis of approved permits and entitlements and any design requirements of any Governmental Agency; (3) a "sources and uses" table, identifying the proposed use of each source of funding for the Project during the construction period; (4) if applicable, evidence reasonably satisfactory to the HCID General Manager or designee that Developer has sufficient additional funds available and committed to cover the difference, if any, between the Total Development Costs and all funds committed to financing the Total Development Costs (as provided in Section 3.2.c., below). HCID shall approve or disapprove in writing the proposed Financing Plan within ten (10) Business Days of receipt. Failure of HCID to approve or disapprove the Financing Plan within ten (10) Business Days of receipt shall be deemed a disapproval.

c. Evidence of Financing. The Developer must demonstrate evidence of financing within 24 months of the date of execution of this Agreement. HCID acknowledges that the Financing Plan is predicated on funding applications to the State, County and other funders for funds that may or may not be awarded through a competitive selection process. Therefore, HCID agrees that the Developer may apply for competitively awarded funding awards more than once. However, if the Developer fails to apply for or be awarded a source of funding identified in the Financing Plan after two rounds of funding applications, and cannot provide evidence of sufficient financing, HCID may terminate this development agreement.

The sum of the sources of construction financing described in the Project Budget shall be sufficient at all times to pay all Total Development Costs as set forth in the most recently approved Project Budget. If at any time prior to the issuance of the Certificate of Completion, the sum of the sources of funds described in the Project Budget is insufficient to pay all Total Development Costs, Developer shall promptly deposit into the construction fund held by the Construction Lender additional Developer's funds at least equal to the shortfall. Not later than twenty (20) Business Days prior to the scheduled Closing Date, Developer shall submit, for approval by the HCID General

Manager or designee, evidence of such financing (as part of the Financing Plan), including substantially complete drafts of Construction Loan documents (as required by Section 4.4(1)(a) of this Agreement). The HCID General Manager or designee shall not unreasonably withhold his or her approval.

3.3 Security Deposit and Liquidated Damages.

Concurrently with the full execution of this Agreement by the City and the Developer, the Developer shall have submitted to the City as a non refundable site control deposit, the sum of _____ ($_____) (the "Deposit") to ensure that the Developer will proceed diligently and in good faith to develop the Site as required by this Agreement. At the City's election, the Developer may provide the Deposit in the form of a cashier's check, an irrevocable letter of credit, a pledged certificate of deposit, an interest bearing account that is controlled by the City, or such other form of security acceptable to the City in its sole discretion.

IF THIS AGREEMENT IS TERMINATED PRIOR TO CLOSE OF ESCROW BY THE CITY IN ACCORDANCE WITH SECTION 10.9, AND AFTER THE GIVING OF ANY REQUIRED NOTICE AND THE EXPIRATION OF ANY REQUIRED CURE PERIOD AS SET FORTH IN THIS AGREEMENT, DUE TO A BREACH OF DEVELOPER'S OBLIGATION UNDER THIS AGREEMENT, THEN THE ENTIRE BALANCE OF THE DEPOSIT SHALL BE RETAINED BY THE CITY AS LIQUIDATED DAMAGES. UPON THE PAYMENT OF LIQUIDATED DAMAGES, THIS AGREEMENT WILL TERMINATE AND THE PARTIES SHALL HAVE NO FURTHER OBLIGATIONS, RIGHTS OR LIABILITIES TO EACH OTHER UNDER THE TERMS OF THE AGREEMENT.

THE PARTIES FURTHER AGREE THAT THE AMOUNT OF LIQUIDATED DAMAGES ESTABLISHED BY THIS PROVISION IS A REASONABLE ESTIMATE, UNDER THE CIRCUMSTANCES EXISTING ON THE DATE OF EXECUTION OF THIS AGREEMENT, OF WHAT THE CITY'S DAMAGES WOULD BE IN THE EVENT OF A DEFAULT BY DEVELOPER.

NOTWITHSTANDING ANY OF THE FOREGOING, THE LIQUIDATED DAMAGES PROVISIONS ABOVE ARE IN ADDITION TO, AND DO NOT AFFECT, LIMIT, OR IN ANY WAY REDUCE, CITY'S RIGHT TO REMEDIES AFTER THE CLOSE OF ESCROW.

INITIALED BY DEVELOPER: _____

INITIALED BY HCID: _____

3.4 Purchase and Sale of City Site.

Provided the conditions precedent in Section 3.1 of this Agreement have been satisfied, upon the terms, covenants and conditions set forth in this Agreement, the City agrees to sell and convey the Site to Developer, and Developer agrees to purchase and accept the City Site from the City, in accordance with this Agreement and the Grant Deed(s). Until the issuance of the Certificate of Completion, the City's conveyance of title shall be subject to a power of termination (as described in Section 10.10 of this Agreement), to ensure the completion of the redevelopment of the Site for the purpose of providing affordable housing as provided in this Agreement.

3.5 Purchase Price.

a. In accordance with and subject to all terms, covenants and conditions of this Agreement, the City agree to convey the City Site to Developer and Developer agrees to purchase the City Site for the Purchase Price of _____ _____ Dollars ($_____).

b. The Purchase Price shall be paid by Developer to the City on the Closing Date through the Escrow Agent, by delivery of the Acquistion Note, Acquisition Deed of Trust and the other Acquisition Loan Documents, together with such additional amounts as is necessary to cover Developer's share of costs and expenses hereunder.

3.6 Condition of the City Site.

a. Due Diligence. The City makes no representations regarding the condition of the City Site. The Parties hereby acknowledge that prior to the execution of this Agreement, Developer used the opportunity provided by the City to conduct any studies and investigations that Developer deemed necessary to assure itself of the physical condition of the City Site and the suitability of the City Site for the development contemplated by this Agreement. Developer shall have the right, without cost or expense to the City, to engage its own environmental consultant and any other consultants to conduct such additional studies and investigations of the City Site as it deems necessary, including any Phase I and/or Phase II environmental investigations, soils, geotechnical or other testing of the City Site, subject to the execution of a "Right of Entry" agreement in HCID's customary form, and any indemnification and insurance agreements requested by the City. The City shall disclose to Developer any actual knowledge of Hazardous Materials or other physical defects on the City Site which occur at any time prior to the Close of Escrow.

b. "As Is" Conveyance.

(i) DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS SELLING TO DEVELOPER AND DEVELOPER IS BUYING FROM THE CITY THE CITY SITE ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT DEVELOPER IS NOT RELYING ON ANY REPRESENTATIONS OR

WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE CITY SITE, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE CITY SITE (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE CITY SITE, (D) THE DEVELOPMENT POTENTIAL OF THE CITY SITE, AND THE CITY SITE'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE CITY SITE FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE CITY SITE OR ANY OTHER PRIVATE OR GOVERNMENTAL RESTRICTIONS ON THE USE OF THE CITY SITE, (F) THE COMPLIANCE OF THE CITY SITE OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, AND (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE CITY SITE OR EMANATING FROM THE ADJOINING OR NEIGHBORING PROPERTY. DEVELOPER AFFIRMS THAT DEVELOPER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, CONSULTANTS OR CONTRACTORS TO SELECT OR FURNISH THE CITY SITE FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE CITY SITE IS FIT FOR ANY PARTICULAR PURPOSE. DEVELOPER ACKNOWLEDGES THAT DEVELOPER SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE CITY SITE AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE CITY SITE (INCLUDING, WITHOUT LIMITATION, WHETHER THE CITY SITE IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY). DEVELOPER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE CITY SITE'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL AGENCY.

(ii) Developer's Release of the City. Developer, on behalf of itself and anyone claiming by, through or under Developer hereby waives its right to recover

from and fully and irrevocably releases the City, and its respective council members, board members, employees, officers, directors, representatives, attorneys and agents (the "Released Parties") from any and all claims, responsibility and/or liability that Developer may have or hereafter acquire against any of the Released Parties, excluding breaches by the City of representations, warranties and covenants of the City, for any claims, fines, penalties, fees, costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the following: (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the City Site, or its suitability for any purpose whatsoever; and (ii) any information furnished by the Released Parties under or in connection with this Agreement, provided that such release does not apply in the event where the liability resulted from gross negligence, fraud, or will full misconduct of the Released Parties.

(iii) Scope of Release. The release set forth in Section 3.6(b)(ii) includes claims (other than claims for the presence of Hazardous Materials on, under or about the City Site prior to the Close of Escrow) of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release of the Released Parties. Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Developer agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to Developer may have given or may hereafter give rise to causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees and represents that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Developer, on behalf of itself and anyone claiming by, through or under Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right Developer and anyone claiming by, through or under Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

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

The provisions of this section shall survive the termination of this Agreement.

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3.7 Discovery of Hazardous Materials.

a. In the event that Developer discovers the presence of Hazardous Materials on, under or about the City Site prior to the commencement of the construction of the Improvements which Hazardous Materials were not the result of Developer's activities on the City Site, Developer shall promptly notify the City of such discovery but in any event within seventy two (72) hours of such discovery. If Developer and the City, based on environmental reports by qualified professional consultants, reasonably estimate that the cost of remediating the City Site in accordance with all Governmental Restrictions is One Hundred Thousand Dollars ($100,000.00) or less, then Developer shall pay for and cause the remediation of the City Site with reasonable diligence and in accordance with Governmental Restrictions. Developer and the City shall work cooperatively to expeditiously determine the estimated costs of remediation.

b. If the cost of remediation exceeds One Hundred Thousand Dollars ($100,000.00), the City and Developer shall negotiate in good faith to identify the means and a method to pay the estimated costs of remediation. In the event the City and Developer are unable to identify funds to pay the costs of remediation after sixty (60) days of good faith negotiation (or such longer time as the Parties mutually determine), either Party may terminate this Agreement by providing a written notice of termination to the other Party. In such an event, Developer shall convey the City Site to the City within five (5) days following the date of the notice of termination and Developer shall be entitled to a return of the then remaining balance of its Deposit..

c. In the event that Developer discovers the presence of Hazardous Materials on, under or about the City Site following the commencement or completion of the construction of Improvements and the presence of such Hazardous Materials are not caused by the the City, Developer shall be responsible for the payment of all costs of remediation in accordance with Governmental Restrictions. Developer hereby waives its right to recover from and fully and irrevocably releases the City, and its respective council members, board members, employees, officers, directors, representatives, attorneys, and agents from any and all claims, responsibility and/or liability that Developer may have or hereafter acquire from the discovery of Hazardous Materials on, under or about the City Site following the completion of the construction of the Improvements as evidenced by the issuance by the City of a temporary Certificate of Occupancy or Certificate of Occupancy, whichever is earlier.

d. The release set forth in this Section 3.7 includes claims (other than claims for the presence of Hazardous Materials on, under or about the City Site prior to the Close of Escrow) of which Developer is presently unaware or which Developer does not presently suspect to exist which, if known by Developer, would materially affect Developer's release of the Released Parties. Developer specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the

extent permitted by law, Developer agrees, represents and warrants that Developer realizes and acknowledges that factual matters now unknown to Developer may have given or may hereafter give rise to causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Developer further agrees and represents that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Developer nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, fines, penalties, fees, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Developer, on behalf of itself and anyone claiming by, through or under the Developer, hereby assumes the above-mentioned risks and hereby expressly waives any right Developer and anyone claiming by, through or under Developer, may have under Section 1542 of the California Civil Code, which reads as follows:

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

3.8 Escrow.

a. Opening of Escrow.

Developer and the City shall open Escrow with the Escrow Agent not later than twenty (20) Business Days prior to the scheduled Closing Date. The delivery to Escrow Agent of a duplicate original of this Agreement shall constitute the "Opening of Escrow" and the date of the Opening of Escrow shall constitute the "Opening Date." The Escrow Agent shall accomplish the recordation of the Grant Deed and the documents to be recorded pursuant to this Agreement as more particularly set forth herein. This Agreement constitutes the joint basic escrow instructions of the City and Developer with respect to the sale and conveyance of the City Site by the City to Developer. The City and Developer shall provide such additional escrow instructions as are customary, consistent with this Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this Agreement, and Escrow Agent, upon indicating within five (5) Business Days after the Opening of Escrow its acceptance of the provisions of this Section 3.8 in writing delivered to the City and Developer, shall carry out its duties as Escrow Agent hereunder. In the case of any inconsistency between the Additional Escrow Instructions and this Agreement, the terms of this Agreement shall govern.

b. Closing Costs to be paid by Developer.

Together with Developer's deposit of the Purchase Price (if any), Developer shall pay to the Title Company all fees, charges and costs of the Escrow promptly after the Title Company has notified Developer of the amount of such fees, charges and costs, prior to the Closing Date. Such fees, charges and costs shall include, but are not limited to, as follows:

(i) The escrow fee; and

(ii) Recording fees, if any, for the Grant Deed, the Agreement Containing Covenants, the Notice of Restrictions and/or any other instrument to be recorded against title to the Site by or for the benefit of Developer; and

(iii) American Land Title Association ("ALTA") lender's policy of title insurance naming the City as the insured with liability not less than the principal amount of the Acquisition Loan, issued by an insurer satisfactory to the City, excepting only such defects, liens, encumbrances, and exceptions as are approved by the City, and containing such endorsements as the City may reasonably require.

c. Closing Costs to be paid by Other Parties.

Any other costs, expenses or fees of the Escrow not otherwise provided for in this Agreement shall be paid by the party who customarily pays for such costs in Los Angeles County.

d. Duty of Escrow Agent.
The Escrow Agent is authorized to:

(i) Pay and charge Developer, the City or other parties, as applicable, for its respective fees, charges and costs payable under this Section 3.8. Before such payments or charges are made, Escrow Agent shall notify the City and Developer of the fees, charges and costs necessary to close the Escrow;

(ii) Deliver the Grant Deed, the Regulatory Agreement and other documents, including any applicable promissory notes and deeds of trust, to the parties entitled thereto when the conditions of this Escrow have been fulfilled by the City and Developer;

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(iii) Record any instruments delivered through this Escrow, if necessary or proper, to vest title in the City Site, or the applicable portion thereof, in Developer in accordance with the terms and provisions of this Agreement.

If this Escrow is not in condition to close on or before the "Closing Date" (as defined in Section 3.9 of this Agreement), either Party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from Escrow Agent and the Title Company, if appropriate, the return of its money, papers or documents deposited with Escrow Agent and the Title Company. No demand for return shall be recognized until ten (10) calendar days after Escrow Agent shall have mailed copies of such demand to the other Party at the address of its or their principal place of business and such other Party shall have failed to have taken the action required by that Party to effectuate the Close of Escrow within such ten (10) calendar day period. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other Party within the ten (10) calendar day period described above, in which event Escrow Agent and the Title Company are authorized to hold all money, papers and documents with respect to the City Site, or the affected portion thereof, until instructed by mutual agreement of the Parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

Neither Escrow Agent nor the Title Company shall be obligated to return any such money, papers or documents, except upon the written instructions of the City and Developer or until the Party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendment to these Escrow instructions shall be in writing and signed by both the City and Developer. At the time of any amendment, Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

All communications from Escrow Agent to the City or Developer shall be directed to the addresses and in the manner established in Section 12.2 of this Agreement for notices, demands and communications between the City and Developer.

3.9 Close of Escrow.

a. Subject to any extensions of time mutually agreed upon in writing between the City and Developer, the conveyance of title to Developer pursuant to the Grant Deed shall be completed upon the occurrence of all of the following (the "Closing Date") (i) not sooner than the satisfaction of all Conditions Precedent to the Close of Escrow set forth in Section 3.1 of this Agreement; (ii) concurrently with the closing of the Acquisition Loan, as evidenced by the recordation of the deed of trust securing the Acquisition Loan, and (iii) not later than the date specified for the scheduled Closing Date in the Schedule of Performance.

b. The HCID General Manager or his/her designee, is authorized to approve one or more reasonable extensions to the Closing Date (each such extension not to exceed twenty (20) Business Days), so long as: (i) such extension is in writing, executed by the HCID General Manager or designee; (ii) the HCID General Manager or designee determines in writing, on the basis of reasonable documentation provided by Developer, that Developer is diligently attempting to satisfy or cause the satisfaction of any outstanding Condition Precedent; and (iii) the extension does not exceed six (6) months from the Closing Date set forth in the Schedule of Performance. Notwithstanding anything to the contrary, Close of Escrow shall not occur without the concurrent closing of the Acquisition Loan, and without a reasonable expectation that construction of the Improvements will commence within one hundred eighty (180) Business Days after the Close of Escrow

3.10 Recordation of Documents.

Unless instructed otherwise in writing by the City and Developer, Escrow Agent shall record or cause to be recorded in the Office of the County Recorder of Los Angeles County, California, in the following order, the following instruments: (a) the Grant Deed; (b) the Regulatory Agreement; (c) the Notice of Affordability Restrictions; (d) Security Financing Interests to be recorded in connection with the Acquisition Loan; and (e) Security Financing Interests to be recorded in connection with any Third Party Loan and any other Residual Receipts Loan.

3.11 Title Insurance.

Upon the Close of Escrow, the Title Company shall commit to issue to Developer, an ALTA lender's policy of title insurance (the "Developer's Title Insurance Policy"). Escrow Agent shall provide or cause to be provided a copy of any such title insurance policy to the City.

ARTICLE 4. METHOD OF FINANCING

4.1 Total Development Costs.

The parties estimate that the Total Development Costs will be as set forth in the Project Budget, to be financed as set forth in Developer's Financing Plan for the Project.

4.2 Acquisition Loan.

a. Loan. Subject to the terms and conditions of this Agreement and Acquisition Loan documents, the City agrees to make a loan to Developer in an amount not to exceed the Purchase Price of _____ Dollars ($_____

_____) (the "Acquisition Loan"), conditioned upon: (A) the Developer taking title to the City Site upon the Close of Escrow; and (B) the occurrence of each of the Conditions Precedent set forth in section 3.1 of this Agreement on or prior to the time set forth in the Schedule of Performance, which conditions are for the benefit of the City.

b. Loan Terms. Upon Close of Escrow, the terms of the Acquisition Loan shall be as follows:

(i) The principal amount of the Acquisition Loan shall be _____ _____ Dollars ($_____).

(ii) The Acquisition Loan shall be deemed made in full to Developer in full upon satisfaction of all Conditions Precedent and the Close of Escrow.

(iii) The term shall be fifty-seven (57) years, commencing with the effective date of the Acquisition Note. The outstanding balance of the Acquisition Loan shall be due and payable in full at the end of the Acquisition Loan Term. The term shall be at least fifty-five (55) years, commencing with the date of the Acquisition Note, issuance by the City of Los Angeles of the certificate of occupancy for the Improvements (the "Occupancy Date"), if any, or the recordation of the Certificate of Completion pursuant to Section 6.4 of this Agreement, whichever is the latest to occur.

(iv) The Acquisition Loan shall be secured by the Acquisition Loan Deed of Trust.

(v) The principal amount of the Acquisition Note shall be the original principal amount of Acquisition Loan, with interest to accrue from the date of the Acquisition Loan is made in full. The principal amount shall bear simple interest at the rate of three percent (3%) per annum.

(vi) Developer shall repay the Acquisiton Loan from annual payments equal to the City's Share of Residual Receipts, if any. The City's Share of Residual Receipts shall be calculated as follows: (i) a percentage derived from a fraction in which the principal amount of the Acquisition Loan upon final disbursement is the numerator and the sum of the Acquisition Loan plus all other Residual Receipts Loans approved by the City pursuant to this Agreement is the denominator, multiplied by (ii) fifty percent (50%). For example, assuming the principal amount of the Acquisition Loan is $1,000,000, and the only other Residual Receipts Loan is one in the principal amount of $2,000,000, the City's Share would be $1,000,000 divided by $3,000,000, or 33.33%, multiplied by fifty percent (50%), or 16.67%. Provided, however, that the City's Share of Residual Receipts shall

be subject and subordinate to the priority in payment out of net cash flow of any loan made by the State of California if required by State law or adopted policy.

(vii) The obligation to repay the Acquisition Loan shall be evidenced by the Acquisiton Note substantially in the form attached to this Agreement as **Exhibit G** of Part I of Exhibits. The HCID General Manager or designee is authorized to make such modifications to the form of the Acquisiton Note as may be necessary or appropriate, so long as such modification does not adversely affect the receipt of any material benefit by the City pursuant to this Agreement.

4.3 Construction Period Financing.

The Parties anticipate that construction period financing (after Close of Escrow) will be provided from a combination of loans and equity, including but not limited to the following:

a. Construction Loan. One or more construction or construction/permanent loans (each, a "Construction Loan" and collectively, the "Construction Loans") derived from the issuance of Tax-Exempt Mortgage Revenue Bonds and disbursed by a bank or other lender approved in advance by HCID General Manager or designee ("Construction Lender") in the approximate original principal amount set forth in the "Construction" sources column in the Project Budget. It is anticipated that disbursements of the Construction Loan shall be subject to a process for the City review of Construction Lender disbursements, to be negotiated and provided in an Intercreditor Agreement, if any, to which the City and the Construction Lender will be parties. It is anticipated that the Construction Loan will be disbursed to pay Development Costs and reduced to the amount set forth in the "Permanent" sources column in the Project Budget, after the conversion of the Construction Loan in accordance with its terms.

b. Developer Equity. Equity from the Developer (the "Developer Equity"), consisting of the following:

(i) Funds in an amount set forth in the Project Budget , to be provided by the Tax Credit Equity Investor, derived from Low Income Housing Tax Credits and, if applicable, Historic Tax Credits and other applicable tax credits ("Investor Member/Partner Capital Contribution"), which shall be disbursed in one or more installments as provided in Developer's Amended and Restated Partnership Agreement; and

(ii) A deferred portion of the Developer Fee, in the amount set forth in the Project Budget (the "Deferred Developer Fee"), constituting that

portion of the Developer Fee to be paid to Developer from Revenue, before calculating Residual Receipts.

(iii) Developer Equity Contribution made directly to the project by the Developer that is not part of the deferred developer fee or a tax credit investor equity contribution. The Developer Equity Contribution can only be repaid through the Developer's share of residual receipts; the Developer Equity Contribution will not be secured by a promissory note; and the Developer Equity Contribution can only be repaid upon sale/transfer of the Project after the Acquisition Loan is repaid in full.

Developer shall be responsible for providing or securing any additional funds which may be needed to pay for cost overruns and contingencies not otherwise funded by the sources of Construction Financing described above.

Developer Equity described in this paragraph b. shall consist of funds provided by Developer, or borrowed funds, so long as repayment is not secured by any deed of trust on the Site.

4.4 Permanent Sources of Financing.

The Parties anticipate that permanent financing will be provided from a combination of loans and equity, including but not limited to the following:

a. One or more permanent loans or construction loans that convert to permanent loans (each a "Permanent Loan" and collectively the "Permanent Loans") in the original principal amount as set forth in the Project Budget, secured by one or more Third Party Lender deeds of trust (the beneficiaries of which shall include the Permanent Lender, any credit enhancer or permanent financing guaranty facility, referred to herein collectively as the "Third Party Permanent Lenders", and, together with the Third Party Construction Lenders, described above, referred to as the "Third Party Lenders").

b. Developer Equity, as described in subsection 4.3(b), above.

c. Developer Deferred Developer Fee.

ARTICLE 5. SCOPE OF DEVELOPMENT/DESIGN REQUIREMENTS.

5.1 Design in Conformance with Scope of Development, Residential Citywide Design Guidelines and Approved Project Documents.

a. In designing and constructing the Project, the Developer shall cause all Project Documents to be consistent with the Scope of Development and City's Architectural Requirements, including the Architectural Design Guidelines, unless

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otherwise approved by the City. The Scope of Development shall establish the baseline design standards from which the Developer shall prepare all subsequent Project Documents.

b. As required by the Scope of Development, the Developer shall follow the Environmentally Responsive Design guidelines and Sustainbale Building Methods section established in HCID Architectural Design Guidelines of (March 19, 2007) and consistent with TCAC Regulation's Minimum Construction Standards requirements adopted on May 17, 2017, as well as, the latest California Energy Commission requirements which are reflected in the Building Codes (in particular Volume 3, Green Building Code) and with which all projects must comply according to their project type.

5.2 City Review.

The City shall not be responsible for any aspects of Developer's conduct in connection with the Project, including, but not limited to, the quality and suitability of the Project Documents, the supervision of construction work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the City with reference to the Project is solely for the purpose of determining whether the Developer is properly discharging its obligations to the City, and shall not be relied upon by the Developer or by any third parties as a warranty or representation by the City as to the quality of the design or construction of the Project.

ARTICLE 6. CONSTRUCTION OF THE IMPROVEMENTS.

Except for Section 6.6 (Relocation), if applicable, the provisions of this Article 6 are intended to apply only after the Close of Escrow, if at all.

6.1 Commencement of Construction.

The Developer shall commence construction of the Improvements within the time set forth in the Schedule of Performance.

6.2 Completion of Construction.

The Developer shall prosecute to completion, with diligence that is reasonable under all the circumstances, the construction of the Improvements, and shall complete or cause to be completed the construction of the Improvements within the time set forth in the Schedule of Performance. As between the City and the Developer, the Developer shall be solely responsible for the construction of the Improvements.

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6.3 Construction Pursuant to Scope and Plans.

a. The Developer shall construct the Improvements in accordance with the Scope of Development, the approved Final Construction Drawings, and the terms and conditions of all City approvals and any other governmental approvals.

b. Any proposed material variation from the previously approved Final Construction Drawings shall be submitted to the HCID General Manager or designee for written approval. HCID shall approve or disapprove a proposed material variation within fifteen (15) Business Days after receipt by HCID. If HCID rejects the proposed material change, then HCID shall provide the Developer with the specific reasons therefor, and the approved Final Construction Drawings shall continue to control. For purposes of this Section 6.3, a material variation from the previously approved Final Construction Drawings shall consist of any of the following: (1) any change in building materials or equipment, specifications, or the architectural, functional or structural design of the Improvements that is of lesser quality, durability or appearance or which does a poorer job of meeting the City's urban planning and design objectives as set forth in the Scope of Development; (2) any change (increase or decrease) that cumulatively exceeds ten percent (10%) of the budgeted cost of any one line item at any time; or (3) any set of changes (increase or decrease) that cumulatively exceeds ten percent (10%) of the hard cost budget.

c. Developer shall comply with all orders to comply with building codes and other governmental health and safety regulations. Any change from Approved Final Construction Drawings which is required for compliance with building codes or other government health and safety regulations shall not be deemed a material change for purposes of this Section 6.3. However, the Developer shall submit to HCID any proposed change that is required for such compliance as soon as possible, but in any event prior to the commencement of any such work, and such change shall become a part of the approved Final Construction Drawings, binding on the Developer. Any increase in Total Development Costs resulting from any such change shall be the obligation of Developer. The City shall have the right in its sole discretion, but not the obligation, to impose conditions on Developer's performance of any such changes that are reasonable in light of all the circumstances.

d. Throughout the construction of the Improvements, the City shall have the right in its discretion, but not the obligation, to inspect the premises as provided in Section 6.10 of this Agreement, and, to the extent permitted by any Inter-creditor Agreement, to review and provide comments to other lenders regarding the disbursement of construction sources of financing.

6.4 Certificate of Completion.

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a. Within ten (10) Business Days after written request by Developer following Completion of construction in accordance with the Scope of Development and Final Construction Drawings (as the same may have been revised with the written approval of the HCID General Manager or designee pursuant to Section 6.3 of this Agreement), and (if applicable) upon Developer's obtaining a certificate of occupancy or temporary certificate of occupancy from the City, the City shall deliver to Developer a Certificate of Completion.

b. The City shall not unreasonably withhold a Certificate of Completion but shall not be obligated to issue such Certificate until construction of the Improvements has been completed in accordance with all the terms of this Agreement. Such Certificate of Completion shall be, and shall so state, conclusive determination of satisfactory Completion of the Improvements meeting the requirements of Article 5 and Sections 6.1 through 6.3, inclusive, of this Agreement. In the event any requirements of this Agreement relating to the construction of the Improvements, including, but not limited to any requirements of this Article 6, have not been fully satisfied by Developer as of the date of Developer's request for a Certificate of Completion, the HCID General Manager or designee may deny Developer's request for a Certificate of Completion or issue the Certificate of Completion subject to such conditions subsequent as the HCID General Manager or desingee may deem necessary to ensure full satisfaction with all the requirements of this Agreement.

c. The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the Recorder of Los Angeles County. If the City fails to deliver the Certificate of Completion within ten (10) Business Days after written request from Developer, HCID shall provide Developer with a written statement of its reasons (the "Statement of Reasons") within that ten (10)-Business Day period. The statement shall also set forth the actions Developer must take to be entitled to obtain the Certificate of Completion. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called "punch list" items identified by HCID, HCID shall issue the Certificate of Completion upon the delivery of a bond or letter of credit by Developer with the City in an amount representing the City's estimate of the cost to complete the work, or other security deemed sufficient by HCID's General Manager or designee to ensure completion of the work. Notwithstanding any other provision of this Agreement, the failure by the City to issue a Certificate of Completion within any period of time after request by Developer shall not be deemed to constitute the City's concurrence that construction of the Improvements has been completed as required by this Agreement.

d. Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Senior Lender, or any insurer of a mortgage securing money loaned to finance the Improvements, or any other person or entity. Such Certificate of Completion is not notice of completion as referred to in Section 3093 of the California Civil Code. Such Certificate of Completion

shall not be deemed to constitute completion or satisfaction of any obligations of the Developer under the Acquisition Loan Documents or City Loan Documents, except those set forth in Article 5 and Sections 6.1 through 6.3 of this Agreement.

e. As a condition of issuance of the Certificate of Completion, Developer's construction manager/contractor and Project Architect shall certify that the Project has been constructed in compliance with all applicable disabled access requirements as of the date of the Project's completion (when the last certificate of occupancy is issued by the City).

6.5 Compliance with Applicable Law and City Policies.

The Developer shall cause all work related to construction of the Improvements to be performed in compliance with: (a) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, (including, without limitation, the prevailing wage provisions of Sections 1770 et seq. of the California Labor Code); (b) all directives, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction; (c) all applicable disabled access requirements; and (d) all applicable City policies that are effective as of the Effective Date of this Agreement, provided the Parties may make later-adopted City policies applicable to the Project by their mutual approval of an amendment to this Agreement specifically incorporating such policies. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and the Developer shall be responsible for the procurement and maintenance of such documents required of Developer and of all entities engaged in Project work at the Site.

6.6 Relocation.

a. If and to the extent acquisition or disposition of the Site or any aspect of development or operation of the Project results in the permanent or temporary displacement of any occupants of the Site, the following shall apply: (1) Developer shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits (collectively referred to as the "Relocation Laws"); and (2) Developer shall be solely responsible for payment of any relocation benefits (if any) to any displaced persons and any other obligations (if any) associated with complying with the Relocation Laws, including, but not limited to, moving assistance, rent vouchers and the cost of a relocation consultant selected by the City. If the Developer is determined by a court of competent jurisdiction or any government agency to be in violation of any Relocation Laws as described in this section, the City may, in its sole discretion, declare Developer to be a "non-responsible Contractor" pursuant to the City's Policy on Contractor Responsibility (Exhibit 1 of Part II of Exhibits), and ineligible to apply for any future City contracts or financial assistance.

Developer also hereby agrees to indemnify, defend and hold the City harmless from any and against any and all claims and liabilities arising directly or indirectly as a result of or in connection with the breach of Developer's obligations set forth in this Section 6.6. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the Acquisition Loan, reconveyance of the Acquisition Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

b. If applicable, Developer shall submit the Relocation Plan to the City for review and approval, and Developer hereby acknowledges that City has approved a Relocation Plan for the Site (the "Relocation Plan"). Developer agrees to perform all of the obligations to be performed by Developer and comply with the terms and conditions of the Relocation Plan.

6.7 Construction Signs.

Prior to the commencement of construction, the Developer shall prepare and post on the Site construction signs in accordance with the City's sign standards. The construction signs shall identify the Project as one that is being assisted by the City and shall recognize, at a minimum, the Mayor of the City of Los Angeles, the City Council Member for the Council District in which the Project is located, and the HCID General Manager. The construction signs shall be erected on the Site such that they are reasonably visible to the public throughout the construction period.

6.8 Publicity.

Any publicity generated by Developer for the Project shall make reference to the contribution of HCID in making the Project possible. The words "Housing and Community Investment Department of the City of Los Angeles (HCID)" shall be prominently displayed in any and all pieces of publicity, including but not limited to flyers, press releases, posters, signs, brochures, public service announcements, interviews and newspaper articles. Developer further agrees to cooperate with authorized staff and officials of HCID in any HCID-generated publicity or promotional activities undertaken for the Project.

6.9 Progress Reports.

Until a Certificate of Completion has been issued by the City, the Developer shall: (a) provide HCID with periodic progress reports on the Project's construction status; and (b) attend status conferences relating to construction and/or compliance with City policies and City ordinances and the conditions of this Agreement. Such conferences shall occur as reasonably requested by the City, but not more often than monthly.

6.10 Entry onto the Site by the City.

Until a Certificate of Completion has been issued by the City, the Developer shall permit the City Representatives to enter the Site at all reasonable times and upon reasonable notice to: (a) inspect the construction work and determine if it conforms with the Scope of Development, the approved Final Construction Drawings and the Project Budget; or (b) inspect the Site for compliance with this Agreement. Except in the event of inspections regarding safety or compliance with City policies and City ordinances, reasonable notice shall mean at least 48 hours written notice. The City shall be under no obligation to (aa) supervise construction, (bb) inspect the Site or (cc) inform the Developer of information obtained by the City during any inspection. The Developer shall not rely upon the City for any supervision or inspection. The rights granted to the City pursuant to this section are in addition to any rights of entry and inspection the City may have in exercising its municipal regulatory authority.

6.11 Mechanics' Liens.

The Developer shall indemnify the City and hold the City harmless against and defend the City in any proceeding related to any mechanic's lien, stop notice or other claim brought by a subcontractor, laborer or material supplier who alleges having supplied labor or materials in the course of the construction of the Project by the Developer. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the Acquisition Loan, reconveyance of the Acquisition Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

6.12 Non-Discrimination During Construction; Equal Opportunity.

The Developer, for itself, its successors and assigns, and transferees agrees that in the construction of the Project provided for in this Agreement:

a. The Developer shall not discriminate against any employee or applicant for employment because of race, color, religion, creed, national origin, ancestry, disability, actual and perceived, medical condition, age, marital status, transgender status, sex, sexual orientation, Acquired Immune Deficiency Syndrome (AIDS), actual or perceived, or retaliation for having filed a discrimination complaint or any additional basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, as such provisions may be amended from time to time (collectively, the "Nondiscrimination Factors"). The Developer shall take affirmative steps to ensure that applicants are employed by the Developer, and that its employees are treated without regard to the Nondiscrimination Factors during employment including, but not limited to, activities of: upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The

Developer agrees to post in conspicuous places, available to its employees and applicants for employment, the applicable nondiscrimination clause set forth herein.

b. The Developer shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Agreement, the Developer shall not discriminate in its employment practices, including compensation, against any employee, or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency syndrome (AIDS), acquired or perceived citizenship, political affiliation or belief. The Developer shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, 11478, 12086, and 12107 and as supplemented in the Department of Labor regulations (41 CFR Part 60).

c. Unless otherwise exempt, this Agreement is subject to the non-discrimination provisions in Section 10.8 through 10.8.2 of the Los Angeles Administrative Code as amended from time to time. The Developer shall and shall cause all contractors and subcontractors to comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Agreement, Developer, its contractors and/or subcontractors shall not discriminate in its employment practices, including compensation, against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, domestic partner status, marital status, pregnancy, childbirth and related medical conditions, citizenship and political affiliation or belief. The Developer shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by City. Any contract or subcontract entered into by Developer to the extent allowed hereunder, shall include a like provision for work to be performed under this Agreement.

Failure of the Developer to comply with this requirement or to obtain the compliance of its contractors or subcontractors with such obligations shall subject the Developer to the imposition of any and all sanctions allowed by law, including but not limited to termination of the Developer's contract with the City.

d. The Developer shall ensure that its solicitations or advertisements for employment are in compliance with the aforementioned Nondiscrimination Factors; and

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e. The Developer shall insert the foregoing provisions in all contracts for the construction of the Project entered into by the Developer after the Effective Date of this Agreement and ensure that its General Contractor shall insert the foregoing provisions in the General Contractor's subcontracts; provided, however, that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

f. For purposes of this Section 6.12, the term "Developer" shall mean and include the Developer and the Developer's General Contractor and subcontractors of any tier engaged by Developer in the construction of the Project.

6.13 Affirmative Outreach in Contracting Procedures and Employment, Including Utilization of Project Area, Minority, Women and Other Businesses and Persons.

a. Use of Disadvantaged and Local Businesses. The parties hereby acknowledge that California Health and Safety Code Section 33422.1 provides: "To the greatest extent feasible, contracts for work to be performed in connection with any redevelopment project shall be awarded to business concerns which are located in, or owned in the substantial part by persons residing in, the project area." Therefore, in consideration of the assistance provided to the Project by the City, Developer hereby agrees:

(i) To the greatest extent feasible, Developer shall seek out and award and require the award of contracts and subcontracts for development of the Site to contracting firms which are located or owned in substantial part by persons residing in the Redevelopment Project Area, and to promote outreach to minority-owned, women-owned and other businesses. This requirement applies to both the construction and operation of the Improvements.

(ii) This paragraph shall require significant efforts of the Developer and its contractors but shall not require the hiring of any person unless such person has the experience and ability, and, where necessary, the appropriate trade union affiliation, to qualify such person for the job.

b. Employment of Project Area Residents. The Parties hereby acknowledge that California Health and Safety Code Section 33422.3 provides: "To insure training and employment opportunities for lower-income project area residents, the agency may specify in the call for bids for any contract over one hundred thousand dollars ($100,000) for work to be performed in connection with any redevelopment project that project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen needed to execute the contract or work." Therefore, in

consideration of the assistance provided to the Project by the City, Developer agrees as follows:

(i) Developer shall in all general contracts for the construction of the Improvements (and its contractors shall in all subcontracts thereunder), require that to the greatest extent feasible, the labor force in all categories be comprised of residents of the Redevelopment Project Area; and

(ii) Developer and its contractors shall be subject to and shall comply with the terms of the Standard City Contracting Requirements, with all amendments thereto. Developer hereby agrees to the terms of these requirements and shall ensure that its General Contractor agrees to these terms.

c. Community Outreach Plan. Developer acknowledges that it is the policy of the City to promote the economic advancement of minorities and women as well as other economically disadvantaged persons through employment and the award of contracts and subcontracts in redevelopment project areas, and to provide Minority-owned Business Enterprises ("MBE"), Women-owned Business Enterprises ("WBE") and all other business enterprises ("OBE") with an equal opportunity to compete for and participate in the performance of City-assisted contracts. To carry out such policy, Developer agrees to comply with this Section 6.13.c., as follows:

(i) Submission of Plan: By the date set forth in the Schedule of Performance, the Developer and Developer's development team (including at a minimum, the General Contractor and Project Architect) shall meet with the City's Office of Audits and Compliance to hold a preconstruction meeting, to establish Project procedures, determine progress towards preliminary construction requirements, review City and other governmental policies and requirements and delineate the roles and responsibilities of Project participants. During the preconstruction meeting, the Developer shall be provided with the policies and procedures of the City regarding prevailing wage requirements and MBE, WBE and OBE outreach efforts, including the development of a community outreach plan (containing the items described in paragraph c.(2), below). At the preconstruction meeting, HCID shall provide to the Developer samples of community outreach plans which have been approved by the City. Prior to commencing construction, the Developer shall submit to the HCID General Manager or his/her designee, for approval or disapproval, a community outreach plan for the Project (the "Community Outreach Plan"), as part of the Community Benefits Plan for the Project. The Community Outreach Plan shall set forth the methods the Developer shall use to comply with this Section 6.13. Upon receipt of the Community Outreach Plan, the City shall, within twenty (20)

Business Days, approve or disapprove the Community Outreach Plan, or provide to the Developer a statement of actions required to be taken in order for the Community Outreach Plan to be approved. If the City fails to respond within such twenty (20) Business Day period, the Community Outreach Plan shall be deemed disapproved by the City. The Developer shall not commence construction unless the Community Outreach Plan has been approved by the City.

(ii) Contents of the Community Outreach Plan: The Community Outreach Plan shall include, at a minimum:

(1) Estimated total dollar amount (by trade) of all contracts and subcontracts to be let by the Developer or its General Contractor for the Improvements;

(2) List of all proposed contractors to be awarded a contract by the Developer or the General Contractor;

(3) Estimated dollar value of all proposed contracts;

(4) Evidence of Minority and Women Business Enterprise ("M/WBE") Certification of all firms listed as an MBE or WBE in the Community Outreach Plan. Firms purporting to be M/WBE do not require M/WBE Certification if their contract amount is less than Twenty Five Thousand Dollars ($25,000). Any firm for which the contract amount exceeds Twenty Five Thousand Dollars ($25,000) and which is not certified by the City of Los Angeles may not be considered an MBE or WBE for purposes of this Agreement;

(5) Developer agrees and shall cause any contractors and subcontractors for the Project to agree and obligate itself to utilize the services of Minority, Women and Other Business Enterprise firms on a level so designated in its proposal, if any. Developer certifies and shall cause any contractors and subcontractors to certify that it has complied with Mayoral Directive 2001-26 regarding contracts greater than $100,000 (One Hundred Thousand Dollars), if applicable. Developer shall not change any of these designated contractors or subcontractors, nor shall Developer reduce their level of effort, without prior written approval of the City;

(6) Description of the actions to be taken to meet the project area resident and business utilization objectives; and

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(7) Such other information and documentation with respect to the foregoing objectives as the City may reasonably deem necessary.

d. General Information. During the construction of the Improvements, the Developer shall provide to the City such information and documentation as reasonably requested by the City to carry out this Section 6.13. The Developer shall monitor and enforce the affirmative outreach and equal opportunity requirements set forth in this Agreement. In the event the Developer fails to monitor or enforce these requirements, the City may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

6.14 Cost of Development.

Developer shall bear all costs and expenses incurred in connection with the construction and maintenance of all Improvements, including, without limitation, all costs incurred in connection with the investigation, acquisition and preparation of the Site for development, all off-site improvements, building and Developer fees, and all costs of investigation, acquisition and/or preparation of any Project Documents or other submissions made by Developer pursuant to this Agreement. Developer shall pay when due, and shall cause its General Contractor to pay when due, all valid invoices for materials, equipment, labor and services incurred in connection with the development of the Project.

6.15 Prevailing Wages.

a. The Developer shall pay or cause to be paid to all workers employed in connection with the development of the Improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to City public work contracts, including without limitation Sections 33423-33426 of the California Health and Safety Code and Sections 1770-1781 of the California Labor Code. Copies of the currently applicable per diem prevailing wages are available from the HCID at 1200 West 7th Street, 8th Floor, Los Angeles California 90017. During the construction of the improvements, Developer shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages. The Developer shall and shall cause the contractors and subcontractors to submit data and documents related to prevailing wage by using ht LCP Tracker or comparable HCID-approved program. The fee for the LCP Tracker, or comparable HCID-approved program, will be in the amount equal to Three Hundredth Percent (0.03%) of the total construction cost to be paid in full within 30 days from the execution of this Agreement.

b. If the construction work covered under this Agreement is financed in whole or in part with assistance provided under a program of the U.S. Department of

Housing and Urban Development or some other source of federal funding, the Developer shall comply with or cause its General Contractor and all subcontractors to comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.). The Davis-Bacon Act requires the payment of wages to all laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations as described in the Federal Labor Standards Provisions (HUD-4010). In the event both State Prevailing wages and Davis-Bacon Act wages shall be required, all works shall be paid at the higher of the two wage rates.

c. Prior to the commencement of construction, and as soon as practicable in accordance with the Schedule of Performance, the Developer shall contact the City to schedule a preconstruction orientation meeting with the Developer and with the General Contractor to explain such matters as the specific rates of wages to be paid to workers in connection with the development of the Improvements, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of the Developer's compliance with this Section 6.15.

d. Developer shall monitor and enforce the prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that Developer fails to monitor or enforce these requirements against any contractor or subcontractor, Developer shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if Developer was the actual employer, and the City or the State Department of Industrial Relations may withhold monies owed to the Developer, may impose penalties on Developer in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare the Developer in default of this Agreement (subject to the notice and cure rights provided in this Agreement) and thereafter pursue any of the remedies available under this Agreement.

e. Any contractor or subcontractor who is at the time of bidding debarred by the Labor Commissioner pursuant to Section 1777.1 of the California Labor Code is ineligible to bid on the construction of the Improvements or to receive any contract or subcontract for work covered under this Agreement. The Developer agrees to include, or cause to be included, this paragraph (e) in all bid specifications for work covered under this Agreement.

f. Any contractor or subcontractor who, at the time of the date of this Agreement, is listed in the Lists of Parties Excluded From Federal Procurement or Nonprocurement Programs issued by the U.S. General Services Administration pursuant to Section 3(a) of the Davis-Bacon Act is ineligible to receive a contract for work covered under this Agreement, if the covered work is Federally funded in whole or in part.

g. Any contractor or subcontractor that is at the time of bidding debarred or declared non-responsible under the City's Contractor Responsibility Ordinance is ineligible to bid on the construction of the Improvements or to receive any contract or subcontract for work covered under this Agreement. Developer agrees to include, or cause to be included, this paragraph (g) in all bid specifications for work covered under this Agreement.

h. Developer agrees to include, or cause to be included, the above provisions in all bid specifications for work covered under this Agreement.

i. Developer shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Developer, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the improvements or any other work undertaken or in connection with the Site. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the Acquisition Loan, reconeyance of the Acquisition Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

j. For purposes of this Section 6.15, the terms "contractor" and "subcontractor" shall have the meaning set forth in the City Prevailing Wage Policy.

ARTICLE 7. USE OF THE SITE AND DEVELOPER OBLIGATIONS DURING AND AFTER CONSTRUCTION

7.1 Uses.

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that Developer, such successors and such assignees shall use the Site only for the uses specified in the Redevelopment Plan, this Agreement (including the Scope of Development), and the Regulatory Agreement. No change in the use of the Site shall be permitted without the prior written approval of the City.

7.2 Affordability.

The Developer hereby agrees that, for the term of the Regulatory Agreement, the Affordable Units within the Improvements shall be used only for residential uses consistent with the Regulatory Agreement. All of the housing units in the Project (other than the resident manager's unit) shall be made available and rented exclusively to

Eligible Households in the income categories and at rents that do not exceed the respective affordability levels set forth in the Regulatory Agreement. In the event the Project contains both Affordable Units and dwelling units that are unrestricted as to rents and incomes, the Affordable Units shall to the maximum extent feasible be comparable to unrestricted units with the same number of rooms, in terms of size, location and amenities.

7.3 Allowable Rent.

For the term of the Regulatory Agreement, Developer shall not charge rent for an Affordable Unit that exceeds the applicable Affordable Rent for the income level of a Household that is eligible to rent that Affordable Unit (i.e., rent for a Moderate Income Unit shall not exceed a Moderate Income Rent, etc.), as set forth more specifically in the Regulatory Agreement.

7.4 Maintenance of the Site.

At all times after the Close of Escrow and prior to the completion of construction, Developer shall secure and maintain the Site or cause the Site to be secured and maintained in a safe, neat and orderly condition to the extent practicable and in accordance with industry health and safety standards for construction sites. Upon and at all times after completion of construction, the Project shall be well maintained as to both external and internal appearance of all buildings, landscaping, common areas, and parking areas, conforming to the best practices of operators of comparable City-assisted affordable housing, and the requirements set forth in the Regulatory Agreement, if any, for the term of that agreement.

7.5 Management Requirements.

a. Operations and Maintenance. For the term of the Regulatory Agreement, Developer shall operate and maintain the Project in accordance with all applicable federal, state and local laws and rules, in conformance with the best practices of operators of comparable City-assisted affordable housing and the management requirements set forth in the Regulatory Agreement, and provide for the operation of the Project in a manner satisfactory to the City pursuant to the Management Plan (defined in the Regulatory Agreement). Not later than the time specified in the Schedule of Performance, the Developer shall submit to the HCID General Manager or designee for written approval, a Management Plan for the Project. The Developer shall submit the Management Plan and all necessary supporting information in such time to permit the HCID General Manager or designee to approve, disapprove or comment on the Management Plan twenty (20) Business Days prior to the completion of construction. The Management Plan, including such amendments as may be approved by the HCID General Manager or designee, shall remain in effect for the term of the Acquisition Loan or the term of the Regulatory Agreement, whichever is longer.

b. Just Cause Evictions. Developer shall include the following provision in all tenant leases and rental agreements for the Project:

> "Owner may not terminate the tenancy or refuse to renew this lease or rental agreement except for good cause. The term "good cause" shall mean a serious or repeated violation of the material terms and conditions of the lease, or a violation of applicable federal, state or local law. To terminate the tenancy or refuse to renew the lease, Owner must provide written notice to the tenant of the grounds with sufficient specificity to enable to the tenant to prepare a defense. The notice must be served at least three Business Days before the termination of tenancy, and must comply with all requirements of California law and other applicable programs. Tenant has the right to enforce this requirement in state court, including presenting a defense to any eviction action brought by Owner."

7.6 Obligation to Refrain from Discrimination.

a. Developer covenants and agrees for itself, its successors and its assigns in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or persons on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All deeds, leases, or contracts for the sale, lease, sublease, or other transfer of the Site shall contain or be subject to the nondiscrimination or non-segregation clauses hereafter prescribed.

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

7.7 Form of Nondiscrimination and Nonsegregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Site as provided in Section 7.6, above. All deeds, leases or contracts for the sale, lease, sublease, or other transfer of the Site entered into after the date on which this Agreement is executed by the City shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

a. (1) In deeds the following language shall appear--"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub-lessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

b. (1) In leases the following language shall appear--"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sub-lessees, subtenants, or vendees in the premises herein leased."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

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c. In contracts entered into by the City relating to the sale, transfer, or leasing of land or any interest therein acquired by the City within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

7.8 Barriers to the Disabled.

a. Compliance with all Accessibility Requirements. Developer shall comply with all applicable requirements of state, local and federal rules, laws and regulations relating to accessibility and reasonable accommodations for persons with disabilities, including, without limitation, the following to the extent any are applicable to the Project: Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794 and implementing regulations at 24 CFR Part 8); the Americans with Disabilities Act (42 U.S.C. Sections 12131 *et seq*. and 12181 *et seq*., and implementing regulations at 28 CFR Parts 35 and 36); the Fair Housing Act (42 U.S.C. Section 3601 *et seq*., and implementing regulations at 24 CFR Part 100); the Fair Employment and Housing Act (California Government Code Section 12926); and Title 24 of the California Building Code. Without limiting the generality of the foregoing,

(i) residential and nonresidential projects that involve new construction or rehabilitation of existing buildings and that are financed in whole or in part with federal funds (e.g. CDBG, HOME) shall comply with all applicable requirements of Section 504 of the Rehabilitation Act of 1973 and all other applicable requirements;

(ii) projects that receive City or other nonfederal sources of funding shall comply with all applicable requirements of the Americans with Disabilities Act, the Fair Housing Act, the Fair Employment and Housing Act, Title 24 of the California Building Code, and all other applicable requirements;

(iii) commercial structures, and common areas and public use areas in residential projects, shall comply with all applicable requirements of the Americans with Disabilities Act, Title 24 of the California Building Code and all other applicable requirements.

Developer shall ensure that construction plans submitted for review by the City comply with all applicable requirements of law and that Project construction is carried out in conformity with approved plans.

b. ADA Certification. Developer hereby certifies as follows:

(i) Developer is in compliance with and shall continue to comply with the Americans with Disabilities Act, 42 U.S.C. 12101 et seq. and its implementing regulations.

(ii) Developer shall provide for reasonable accommodations to allow qualified individuals with disabilities to have access to and participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act.

(iii) Developer shall not discriminate against persons with disabilities nor against persons due to their relationship or association with a person with a disability.

(iv) Developer shall require that the language of this Section 7.8 be included in the award documents for all sub-awards at all tiers (including subcontracts, and contracts under grants, loans and cooperative agreements) and that all subcontractors shall certify and disclose accordingly.

(v) The certification set forth in this Section is a material representation of fact upon which reliance was placed when the Parties entered into this transaction.

7.9 Effect and Duration of Covenants.

The covenants established in this Agreement shall run with the land, without regard to technical classification and designation, and shall be for the benefit and in favor of and enforceable against the original Developer and successors in interest by the City. The covenants described in this Article 7 shall commence upon execution of this Agreement, shall be set forth in the Agreement Containing Covenants and shall remain in effect for the respective periods specified therein.

7.10 Regulatory Agreement.

Prior to the Close of Escrow and disbursement of any portion of the City Loan, Developer and City shall execute the Regulatory Agreement and the Notice of Affordability Restrictions, which shall be recorded against the Site upon the Close of Escrow. The Regulatory Agreement shall have a term of at least 55 years from the Certificate of Occupancy (COO).

7.11 Monitoring.

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a. The parties acknowledge that this Agreement is subject to the provisions of Section 33418(a) of the California Health and Safety Code, which provides in pertinent part:

> "An Agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an Agency shall require owners or managers of the housing to submit an annual report to the Agency. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants... The income information required by this section shall be supplied by the tenant in a certified statement of a form provided by the Agency."

b. Developer, on behalf of itself, its successors and assigns, covenants and agrees to submit an annual report to HCID containing, for each Affordable Unit, the rental rate and the income and family size of the occupants. HCID shall provide the format to be used.

7.12 Indemnity.

a. Developer shall indemnify, defend (with counsel approved by the City) and hold harmless the City, and their respective elected and appointed officers, officials, employees, agents, consultants, and contractors (collectively, the "Indemnitees") from and against any and all liabilities, losses, costs, expenses (including without limitation attorneys' fees and costs of litigation), claims, demands, actions, suits, causes of action, writs, judicial or administrative proceedings, penalties, deficiencies, fines, orders, judgments and damages (all of the foregoing collectively "Claims") which in any manner, directly or indirectly, in whole or in part, are caused by, arise in connection with, result from, relate to, or are alleged to be caused by, arise in connection with, result from, or relate to: (i) approval of this Agreement and/or the Improvements; (ii) performance of this Agreement on the part of the Developer or any contractor or subcontractor of Developer; and/or (iii) the rehabilitation, operation, maintenance or management of the Improvements, whether or not any insurance policies shall have been determined to be applicable to any such Claims. It is further agreed that the City does not and shall not waive any rights against Developer which it may have by reason of this indemnity and hold harmless agreement because of the acceptance by the City, or Developer's deposit with the City of any of the insurance policies described in this Agreement.

b. Developer shall pay immediately upon the Indemnitees' demand any amounts owing under this indemnity. The duty of Developer to indemnify includes the duty to defend the Indemnitees or, at the Indemnitees' choosing, to pay the Indemnitees' costs of its defense in any court action, administrative action, or other proceeding brought by any third party arising from the Improvements or the Site. The Indemnitees may make

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all reasonable decisions with respect to their representation in any legal proceeding, including, but not limited to, the selection of attorney(s). Developer's obligations set forth in this Section shall survive the issuance of the Certificate of Completion by the City, repayment of the Acquisition Loan, reconveyance of the Acquisition Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions, and termination of this Agreement. Developer's indemnification obligations set forth in this Section 7.12 shall not apply to Claims arising solely from the gross negligence or willful misconduct of the Indemnitees.

7.13 Insurance Coverage.

Developer shall furnish or cause to be furnished to the City duplicate originals or certified copies of the insurance policies, complete with additional insured and loss payee endorsements, as applicable pursuant to this Agreement. Developer shall maintain and keep in full force and effect the following policies of insurance, issued by companies approved and regulated by the State Department of Insurance, commencing upon the execution of this Agreement or Developer taking title to the City Site, whichever occurs later, including:

a. Developer and Developer's contractors and sub-contractors hired to perform work on the Site shall maintain Commercial General Liability insurance, to protect against Claims due to bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Site and the Improvements, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of the City or Developer or any person acting for the City or Developer, or under their respective control or direction, and also to protect against Claims due to damage to any property of any person occurring on or about the Site and the Improvements, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of the City or Developer, its contractor(s) or subcontractor(s) or its tenants or any person acting for the City or Developer, or under their respective control or direction. Such property damage and bodily injury insurance shall also provide for and protect the City against incurring any legal cost in defending claims for alleged loss. Such bodily injury and property damage insurance shall name the Indemnitees as additional insureds. Such bodily injury and property damage insurance shall be in minimum limits of One-Million Dollars ($1,000,000.00) per occurrence with a Five Million Dollars ($5,000,000.00) aggregate; provided, however, the limitation on the amount of insurance shall not limit the responsibility of the Developer to indemnify the Indemnitees or to pay damages for injury to persons or property resulting from Developer's activities or the activities of any other person or persons for which Developer is otherwise responsible.

b. During construction and until a Certificate of Occupancy for the completed development has been issued by the City, Developer shall carry Builder's Risk coverage for the Improvements. After completion of construction, Developer shall

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maintain property insurance in an amount not less than the full insurable value of the Improvements with extended coverage including fire, windstorm, flood, vandalism, malicious mischief, earthquake (if commercially available at reasonable rates or as otherwise required), boiler and machinery if applicable, and other such perils customarily covered by an "All Risk" policy. Such policy shall include a loss payable endorsement naming the **"City of Los Angeles"** as loss payees. The term "full insurable value" as used above shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the lowest floor and without deduction for depreciation) of the Improvements immediately before such casualty or other loss, including the cost of rehabilitation of the Improvements, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, not less often than once every three (3) years, Developer shall cause the full insurable value of the Improvements to be determined, such determination to be either by appraisal of the insurer, or by an appraiser mutually acceptable to the City and the Developer. The manner of determination of value shall be agreed to in writing by Developer and the HCID General Manager or designee.

c. After the completion of construction, Developer shall maintain or cause to be maintained loss of rental income insurance with respect to the Improvements, against the perils of fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage policies.

d. Developer and its contractors and subcontractors shall maintain or cause to be maintained Workers' Compensation Insurance including Employer's Liability in limits of not less than One Million Dollars ($1,000,000.00), issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by Developer and its contractors and subcontractors in connection with the Site and the Improvements and shall cover claims for death, bodily injury, illness, or disease made by, for or on behalf of any person incurring or suffering injury, death, illness or disease in connection with the Site or the Improvements or the operation thereof by Developer.

e. Professional liability insurance shall be required of architects and engineers hired to perform work on the Improvements in limits of not less than One Million Dollars ($1,000,000.000). Developer shall ensure that insurance for architects and engineers is received by the City prior to the commencement of any work on the Site.

f. Commercial automobile insurance coverage in minimum limits of not less than One Million Dollars ($1,000,000.00) shall be required by Developer and/or Developer's contractors and sub-contractors hired to perform work on the Site for owned, hired, leased, and non-owned autos and shall be received by the City prior to the commencement of any work being performed on Site.

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g. All required insurance policies shall not be subject to cancellation, reduction in coverage, or non-renewal except after notice in writing shall have been sent by registered mail addressed to both HCID not less than twenty (20) Business Days prior to the effective date thereof (ten (10) Business Days for nonpayment of premiums). **All policies where applicable must name the "City of Los Angeles" as additional insured.** The insurance policies or endorsements shall also contain a waiver of subrogation for the benefit of the City of Los Angeles.

h. All insurance provided under this Agreement shall be for the benefit of Developer and the City. Developer agrees to timely pay or cause to be paid all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance.

i. Developer shall submit proof of insurance and applicable endorsements as required by this Section to the City prior to the Close of Escrow and disbursement of any portion of the Acquisition Loan. At least twenty (20) Business Days prior to expiration of any such policy, copies of renewal policies shall be submitted to the City.

j. All insurance herein provided for in this Agreement shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of California reasonably approved by the City.

k. Subject to the provisions of any Construction and/or Permanent Lender's loan documents, all insurance proceeds with respect to loss or damage to the Improvements during the term of the Acquisition Loan shall be payable, under the provisions of the relevant insurance policy, jointly to Developer and the City, and said proceeds shall constitute a trust fund to be used for the restoration, repair or rebuilding of the Improvements in accordance with plans and specifications approved in writing by the City. To the extent that such proceeds exceed the cost of such restoration, repair or rebuilding, such proceeds shall be applied to repay the Acquisition Loan. During any period when a Permanent Loan is outstanding, such proceeds shall be divided between the Permanent Lender and City in proportion to the balance of their respective loans. In the event of any fire or other casualty to the Improvements or eminent domain proceedings resulting in condemnation of the Improvements or any part thereof, the Developer shall have the right to rebuild the Improvements, and to use all available insurance or condemnation proceeds to pay costs in connection with rebuilding the Improvements, provided that (1) such proceeds are sufficient to keep the Acquisition Loan in balance and rebuild the Improvements in a manner that provides adequate security to the City for repayment of the Acquisition Loan or if such proceeds are insufficient then the Developer shall have funded any deficiency, (2) the City shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements

of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (3) no material default then exists under the Acquisition Loan or City Loan documents. If the casualty or condemnation affects only part of the Improvements and total rebuilding is infeasible, then proceeds may be used for partial rebuilding.

l. The City reserve the right at any time during the term of this Agreement to change the amounts and types of insurance required hereunder by giving the Developer ninety calendar days written, advance notice of such change. If such change(s) should result in substantial additional cost to the Developer, the City agrees to negotiate additional compensation proportional to the increased benefit to the City of Los Angeles.

m. The City shall have the right in its sole discretion to accept insurance policies with lower limits than the minimum limits set forth in this Section 7.13.

7.14 Insurance Advances.

In the event Developer fails to maintain or cause to be maintained the full insurance coverage required by this Agreement, the City, after at least five (5) Business Days prior notice to Developer, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by the City, together with interest thereon from the date of such advance at the highest rate of interest then allowed by applicable law, shall become an additional obligation of Developer to the City under the Acquisition Loan and shall be secured by the Acquisition Loan Deed of Trust.

7.15 Hazardous Materials.

a. The Developer hereby covenants and agrees that:

(i) The Developer shall not knowingly permit the Site or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Site in violation of any applicable law;

(ii) The Developer shall keep and maintain the Project and each portion thereof in compliance with, and shall not cause or permit the Project or any portion thereof to be in violation of any Hazardous Materials Laws;

(iii) Upon receiving actual knowledge of the same, the Developer shall within ten (10) days advise the City in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions

instituted or threatened against the Developer or the Project pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Developer or the Project relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (A) and this clause (B) are hereinafter referred to as "Hazardous Materials Claims"); (C) the presence of any Hazardous Materials in, on or under the Site in such quantities which require reporting to a government agency; or (D) the Developer's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Project classified as "border zone property" under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Project under any Hazardous Materials Laws. If the City reasonably determine that the Developer is not adequately responding to a written directive or order from a regulatory body or court regarding a Hazardous Material Claim, the City shall have the right, upon ten (10) Business Days written notice to the Developer, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any such Hazardous Materials Claims and, if such claim could result in any liability or damage to the City, to have its reasonable attorney's fees in connection therewith paid by the Developer.

(iv) As long as the Acquisition Loan is outstanding, the Developer shall not take, without the City's prior written consent, which shall not be unreasonably withheld or delayed, any remedial action in response to the presence of any Hazardous Materials on, under, or about the Site (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

b. Hazardous Materials Indemnity. Without limiting the generality of the indemnification set forth in this Section 7.15, the Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel acceptable to the City) the City, its Council Members, officers, employees and agents from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of: (1) the failure of the Developer, its agents, employees, or contractors to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Project; (2) the presence in,

on or under the Site of any Hazardous Materials not otherwise present before the Close of Escrow or any releases or discharges of any Hazardous Materials into, on, under or from the Project occurring after the Close of Escrow; or (3) any activity carried on or undertaken on or off the Project, subsequent to the conveyance of the City Site to the Developer, by the Developer or any employees, agents, contractors or subcontractors of the Developer at any time occupying or present on the Project, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Project (collectively "Indemnification Claims"). The foregoing indemnity shall further apply to any residual contamination on or under the Project, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, treatment, storage, transport or disposal of any such Hazardous Materials by the Developer, and irrespective of whether any of such activities were or will be undertaken in accordance with Hazardous Materials Laws. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the Acquisition Loan, reconveyance of the Acquisition Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

c. No Limitation. The Developer hereby acknowledges and agrees that the Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under paragraph b. of this Section 7.15, above, are in no way limited or otherwise affected by any information the City may have concerning the Site or the Project and/or the presence on or under the Site or within the Project of any Hazardous Materials, whether the City obtained such information from the Developer or from its own investigations.

7.16 Taxes and Assessments.

Developer shall pay prior to delinquency any and all real estate taxes and assessments (including any possessory interest tax) assessed and levied on the Site or any portion thereof and Developer hereby agrees to indemnify, defend and hold the City and all of the City's Representatives free and harmless against any and all Losses and Liabilities arising from the failure to pay when due such taxes and assessments. The City shall have the right, but not the obligation, to advance on behalf of Developer any amounts due as the result of real estate taxes and assessments (including any possessory interest tax) assessed and levied on the Site or any portion thereof. Developer shall immediately reimburse the City for any amount so advanced by the City, together with interest thereon from the date of such advance at the highest rate of interest then allowed by applicable law, and any such amount that is not paid when due shall become an additional obligation of Developer to the City secured by the Acquisition Deed of Trust. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the Acquisition Loan, reconveyance of the Acquisition Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

7.17 City's Living Wage Ordinance and Service Contractor Worker Retention Ordinance.

A. Unless otherwise exempt, this Agreement is subject to the applicable provisions of the Living Wage Ordinance (LWO) Section 10.37 et. seq. of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), Section 10.36 et seq., of the Los Angeles Administrative Code, as amended from time to time. Among other things, the Ordinances require the following:

1. Developer assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of compensated and uncompensated days off and health benefits as defined in the LWO.

2. Developer further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. Developer shall require each of its contractors and subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. Developer shall deliver the executed pledges from each such contractor and subcontractor to the City within ninety (90) days of the execution of the contract and subcontract. Developer's delivery of executed pledges from each such contractor and subcontractor shall fully discharge the obligation of the Developer with respect to such pledges and fully discharge the obligation of the Developer to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.

3. The Developer and any contractor and subcontractor for the project, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. Developer and any contractor and subcontractor for the project shall post the Notice to Employees Working on City Contracts Re: Living Wage Ordinance and Prohibition Against Retaliation provided by the City.

4. Any contract and subcontract entered into by the Developer and any

contractor and subcontractor for the project relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section and shall incorporate the provisions of the LWO and the SCWRO.

5. Developer and any contractor and subcontractor for the project shall comply with all rules, regulations and policies promulgated by the City's designated administrative agency which may be amended from time to time.

B. Under the provisions of Section 10.36.3 and Section 10.37.6 of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if the City determines that the subject Developer and any contractor and subcontractor has violated provisions of either the LWO or the SCWRO or both.

C. Where under the LWO Section 10.37.6, the City's designated administrative agency has determined (a) that the Developer and any contractor and subcontractor for the project is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the City in such circumstances may impound monies otherwise due the Developer in accordance with the following procedures. Impoundment shall mean that from monies due the Developer, the City may deduct the amount determined to be due and owing by the Developer and any contractor and subcontractor for the project to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6 and disposed of under procedures described therein through final and binding arbitration. Whether the Developer and any contractor and subcontractor for the project is to continue work following an impoundment shall remain in the sole discretion of the City. The Developer and any contractors and subcontractors for the project may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.

D. This Agreement is subject to the provisions of Section 10.37.4 of the Los Angeles Administrative Code, Developer shall and shall cause any contractor and subcontractor for the Project to inform employees making less than Twelve Dollars ($12.00) per hour of their possible right to the federal Earned Income Credit (EIC). Developer shall and shall cause any contractor and subcontractor for the Project to make available to employees the forms informing the employees about the EIC and the forms required to secure advance EIC payments from Developer, any contractor or subcontractor for the Project.

7.18 City's Equal Benefits Ordinance.

Unless otherwise exempt, this Agreement is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

A. During the performance of the project, the Developer certifies and represents that the Developer and any contractor and subcontractor will comply with the EBO.

B. The failure of the Developer to comply or to ensure that any contractor or subcontractor comply with the EBO will be deemed to be a material breach of the Agreement by the City.

C. If the Developer and any contractor and subcontractor fails to comply with the EBO, the City may cancel, terminate or suspend the Agreement, in whole or in part, and all monies due or to become due under the Agreement may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

D. Failure to comply with the EBO may be used as evidence against the Developer in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

E. If the City's designated Administrative Agency determines that a Developer has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Agreement. Violation of this provision may be used as evidence against the Developer in actions taken pursuant to the provisions of the Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

F. The Developer shall post and shall ensure posting the following statement in conspicuous places at its place of business and the project available to employees and applicants for employment:

"During the performance of this project with the City of Los Angeles, the Developer and any contractor or subcontractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of contract Compliance at (213) 847-1922".

7.19. Contractor Responsibility Ordinance.

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Unless otherwise exempt, this Agreement is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 et seq., of the Los Angeles Administrative Code, as amended from time to time, which requires Developer to update its responses to the responsibility questionnaire within thirty calendar days after any change to the responses previously provided if such change would affect Developer's fitness and ability to continue performing under the Agreement.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this Agreement, Developer pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this Agreement, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees. The Developer further agrees to: (1) notify the City within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Developer is not in compliance with all applicable federal, state and local laws in performance of this Agreement and project; (2) notify the City within thirty calendar days of all findings by a government agency or court of competent jurisdiction that the Developer and any contractor and subcontractor for the project has violated the provisions of Section 10.40.3 (a) of the Contractor Responsibility Ordinance; (3) ensure that its subcontractor(s), as defined in the Contract Responsibility Ordinance, submit a Pledge of Compliance to the City; and (4) ensure that its contractor and subcontractor, as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify the City within thirty calendar days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the contractor or subcontractor has violated Section 10.40.3(a) of the Contract Responsibility Ordinance in performance of the contract or subcontract.

7.20 Slavery Disclosure Ordinance.

Unless otherwise exempt, this Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as may be amended from time to time. Developer certifies that it has complied with the applicable provisions of the Slavery Disclosure Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this Agreement.

7.21 First Source Hiring Ordinance.

Unless otherwise exempt, this contract is subject to the applicable provisions of the First Source Hiring Ordinance (FSHO), Section 10.44 *et seq.* of the Los Angeles Administrative Code as amended from time to time.

A. Developer shall, prior to the execution of the contract, provide to the Designated Administrative Agency (DAA) a list of anticipated employment opportunities that Developer estimates it will need to fill in order to perform

the services under the contract.

B. Developer further pledges that it will, during the term of the contract: (1) at least seven (7) business days prior to making an announcement of a specific employment opportunity, provide notifications of that employment opportunity to the Economic and Workforce Development Department (EWDD), which will refer individuals for interview; (2) interview qualified individuals referred by EWDD; and (3) prior to filing any employment opportunity, the Developer shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the Developer interviewed and the reasons why referred individuals were not hired.

C. Any contract or subcontract entered into by the Developer relating to this contract, to the extent allowed hereunder, shall be subject to the provisions of FSHO, and shall incorporate the FSHO.

D. Developer shall comply with all rules, regulations and policies promulgated by the DAA, which may be amended from time to time.

Where under the provisions of Section 10.44.13 of the Los Angeles Administrative Code the DAA has determined that the Developer intentionally violated or used hiring practices for the purpose of avoiding the FSHO, that determination will be documented in the Awarding Authority's Contractor Evaluation, required under Los Angeles Administrative Code Section 10.39 *et seq.*, and must be documented in each of the Developer's subsequent Contractor Responsibility Questionnaires submitted under the Los Angeles Administrative Code Section 10.40 *et seq.* This measure does not limit the City's authority to act under the FSHO.

Under the provisions of Section 10.44.8 of the Los Angeles Administrative Code, the Awarding Authority shall, under appropriate circumstances, terminate this contract and otherwise pursue legal remedies that may be available if the DAA determines that the Developer has violated provisions of the FSHO.

7.22 Child Support Assignment Orders**.**

This Agreement is subject to the Child Support Assignment Orders Ordinance , Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, Developer will fully comply with all applicable State and Federal employment reporting requirements for Developer's, contractor's and subcontractor's employees. Developer shall also certify that (1) Developer and any contractor and subcontractor will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) that the principal owner(s) of the Developer(s) are in compliance with any

Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) Developer and any contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230 *et seq.* of the California Family Code; and (4) Developer and any contractor or subcontractor will maintain such compliance throughout the term of this Agreement.

Pursuant to Section 10.10b of the Los Angeles Administrative Code, the failure of Developer to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of the Developer(s) to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Developer under the terms of this Agreement, subjecting this Agreement to termination if such default shall continue for more than ninety (90) days after notice of such default to Developer by City.

Any contract and subcontract entered into by the Developer, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Developer to obtain compliance of its contractor and subcontractor shall constitute a default by the Developer under the terms of this Agreement, subjecting this Agreement to termination where such default shall continue for more than ninety (90) days after notice of such default to Developer by the City.

Developer certifies that, to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

7.23 Enforcement Of Employment Requirements.

In the event of underpayment of wages by Developer or by any contractor or subcontractor employed on the Project, Lender, in addition to other rights and remedies afforded by this Agreement or applicable law, may: (1) demand that Developer and/or any underpaying employer comply with these requirements; (2) demand that the underpaying employer pay the difference between the prevailing wage rates and the amount actually paid to workers; (3) withhold from Developer any Loan proceeds as may be necessary to compensate workers the full wages required under this Agreement (whether or not the Loan payee is directly responsible for the underpayment); (4) impose liquidated damages in the form of a forfeiture of up to fifty dollars ($50) per calendar day for each worker paid less than the prevailing wage, the amount of such forfeiture to be determined solely by Lender according to the standards contained in California Labor Code Section 1775; and/or (5) pursue any lawful administrative or court remedy to enforce these requirements against the Developer and underpaying employer. Developer shall comply with any demand to pay any amounts due under this section within ten (10) calendar days of said

demand. In addition, a worker who has been paid less than the prevailing wage rate shall have a right to commence an action or proceeding against the employer to collect the underpayment.

In the event of any violation or deficiency with respect to the equal opportunity and/or the MBE/WBE provisions herein, including failure to provide adequate documentation as specified herein, by Developer or by any contractor or subcontractor employed on the Project, Lender, in addition to other rights and remedies afforded by this Agreement or applicable law, may: (1) demand that any noncomplying party comply with these requirements; (2) withhold disbursement of Loan proceeds from Developer or any contractor or subcontractor until such violations are corrected; (3) impose liquidated damages on the noncomplying party in the form of a forfeiture of up to one thousand dollars ($1,000) or one percent (1%) of the contract, whichever is less, the amount of such forfeiture to be determined solely by Lender; and/or (4) pursue any lawful administrative or court remedy to enforce these requirements. Any noncomplying party shall comply with any demand to correct any noncompliance within ten (10) business days of said demand.

Developer shall monitor and enforce the equal employment opportunity, minority- and women-owned business enterprises, and prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that Developer fails to monitor or enforce these requirements against any contractor or subcontractor, Developer shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if Developer was the actual employer, and Lender may withhold payments to Developer, may impose liquidated damages on Developer in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare an Event of Default and pursue any of the other remedies available under this Agreement.

7.24 Fair Chance Initiative For Hiring Ordinance.

Unless otherwise exempt under Federal or State law, City Contractors and subcontractors with 10 or more employees are prohibited under Los Angeles Administrative Code Section 10.48 from seeking a job applicant's criminal history information until a job offer is made and from withdrawing a job offer unless the employer performs an assessment of the applicant's criminal history and the duties of the position. Contractors and subcontractors are required to include information regarding the ordinance in all job solicitations and advertisements and to post notices informing job applicants of their rights. Additional information and forms may be found at Department of Public Works, Bureau of Contract Administration at http://bca.lacity.org/.

7.25 Labor Compliance Meeting.

The Developer shall meet with HCIDLA's Labor Compliance staff for a pre-construction briefing on all City construction requirements prior to the issuance of a notice to proceed.

ARTICLE 8. ASSIGNMENT AND TRANSFERS

8.1 Definitions.

As used in this Article 8, the terms "Transfer" and "Permitted Transfer" shall have the respective meanings set forth in Section 1.2 of this Agreement.

8.2 Restrictions on Transfer.

a. Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping the Site and providing affordable rental housing for Low Income Households, and not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the City, in light of the following: (1) the importance of the redevelopment of the Site to the general welfare of the community; (2) the public assistance that has been made available by law and by the government for the purpose of making such redevelopment possible; and (3) the fact that a change in ownership or control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that City is entering into this Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. Developer shall not assign all or any part of this Agreement or the Site, or any interest herein, without the prior written approval of the City. Subject to review of documentation effectuating any such proposed assignment or transfer, the City shall provide written confirmation to Developer that a proposed assignment is a Permitted Transfer, if such be the case, as provided in Section 8.4.a., below.

c. For the reasons cited above, Developer represents and agrees for itself and any successor in interest that, without the prior written approval of the City, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, except by Permitted Transfers.

d. Any assignment or transfer of this Agreement or the Site or any interest herein or therein or significant change in ownership of Developer, other than a Permitted Transfer, shall require the prior written approval of the City. To the extent the City's approval of an assignment or transfer is required by this Agreement, in granting or

withholding its approval, the City shall base their decision upon: (i) the relevant experience, financial capability and reputation of the proposed assignee or transferee; and (ii) the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, the City shall have the right, in its sole discretion, to disapprove any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer or transfer of the Site that results in payment of consideration to any Person, prior to the issuance of the Certificate of Completion, that is not conditioned upon the issuance of the Certificate of Completion. In the event HCID denies a request for a Transfer or assignment of this Agreement, except a Permitted Transfer, HCID, as applicable, shall set forth its reasons for denying such request in writing.

e. Developer shall promptly notify the City of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Except for Permitted Transfers, Any significant change (voluntary or involuntary) in ownership or control of Developer (other than changes occasioned by the death or incapacity of any individual or approved in advance in writing by the City) shall constitute a default under this Agreement. In the event of the death or incapacity of any individual who controls Developer or the managing member or general partner of Developer, any resulting change in the management of the Project or the control of the day-to-day operations of the Site and the Improvements shall be subject to the approval of the HCID General Manager, which approval shall not be unreasonably withheld, conditioned or delayed.

8.3 Prohibited Transfers.

The limitations on Transfers set forth in this Article 8 shall apply from the Effective Date of this Agreement until the latest of (a) issuance of a Certificate of Completion by the City to the Developer; (b) the date the Acquisition Loan is repaid in full; and (c) the date the Regulatory Agreement expires. Except for Permitted Transfers and as expressly permitted in this Agreement, the Developer represents and agrees that the Developer has not made or created, and shall not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law, without the prior approval of the City. Any Transfer made in contravention of this Section 8.3 shall be void and shall be deemed to be a default under this Agreement, whether or not the Developer knew of or participated in such Transfer.

8.4 Effectuation of Transfers.

a. In the event of a Permitted Transfer, Developer shall submit to the City such documentation as the HCID General Manager or designee may determine is sufficient to document that such Transfer is a Permitted Transfer.

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b. In the event of a Transfer other than a Permitted Transfer, the proposed transferee for which the City's approval is required shall have the relevant experience, financial capability and reputation necessary to fulfill the obligations undertaken in this Agreement by the Developer and otherwise acceptable to the City. HCID shall grant or deny approval of a proposed Transfer within thirty (30) calendar days of receipt by the HCID of the Developer's request for approval of a Transfer, by Notice as required by Section 11.2 of this Agreement, accompanied by the deposit required by paragraph e. of this Section 8.4, below, which request shall include evidence of the proposed transferee's business expertise and financial capacity.

c. Any Transfer otherwise authorized or approved pursuant to this Agreement (including Permitted Transfers and other Transfers for which the City's approval is required) shall not be permitted unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an agreement reasonably satisfactory to the City and in form recordable in the Office of the Los Angeles County Recorder, expressly agrees to perform and observe, from and after the date of the Transfer, the obligations, terms and conditions of this Agreement; provided, however, that no such transferee shall be liable for the failure of its predecessor to perform any such obligation.

d. Any assignment of rights and/or delegation of obligations under this Agreement in connection with a Transfer (whether or not the City's approval is required) shall be in writing executed by Developer and the assignee or transferee, which written agreement shall name the City as expressed third party beneficiaries with respect to such agreement (the "Assumption Agreement") with a copy thereof delivered to the City within ten (10) Business Days after the effective date thereof. Upon assignment or transfer of this Agreement pursuant to an Assumption Agreement, the assignor shall be relieved of liability with respect to any such obligations relating to the Project assumed by the assignee. Notwithstanding the foregoing, unless such assignee specifically assumes pursuant to the Assumption Agreement the obligations under this Agreement to indemnify the City with respect to the Project, the assignor shall retain such obligations and remain jointly and severally liable for such indemnity obligations with such assignee. This indemnity obligation shall survive the issuance of a Certificate of Completion by the City, repayment of the Acquisition Loan, reconveyance of the Acquisition Loan Deed of Trust, Regulatory Agreement, and Notice of Affordability Restrictions and the termination of this Agreement.

e. Developer shall reimburse the City for all actual staff time and consultant (legal and financial) costs associated with the City's review and consideration of any request for approval of a Transfer. The City shall not be obligated to act on any request for approval of a Transfer unless Developer shall deposit with the City the sum of Ten Thousand Dollars ($10,000), which amount shall be subject to adjustment equal to the cumulative annual increase, if any, in the Consumer Price Index since 2011, together with its request for approval of a Transfer. If the costs of the City's review is less than the amount deposited, the excess deposit shall be returned to Developer. If the costs of the

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City's review exceed the deposit amount, the City shall send the Developer a bill for the costs and Developer shall promptly pay the City the additional costs.

ARTICLE 9. SECURITY FINANCING AND RIGHTS OF LENDERS

9.1 No Encumbrances Except for Development Purposes.

a. Until the Conditions Precedent to the Close of Escrow set forth in Section 3.1 of this Agreement have been satisfied and the Close of Escrow occurs, Developer shall not place mortgages, deeds of trust, or any other encumbrances as security for loans on the Site.

b. From and after the Close of Escrow, mortgages, deeds of trust, and other real property security instruments are permitted to be placed upon the Developer's interest in the Site to the extent consistent with Developer's Financing Plan and Project Budget as approved by the City. Such permitted security instruments and related interests shall be referred to as "Security Financing Interests." The Developer shall promptly notify the City in writing of any Security Financing Interest that Developer intends to record against the Site. The documents evidencing the Security Financing Interests shall provide that in the event of a Developer default, the holder of the Security Financing Interest shall send notice of the default to the HCID concurrently with its notice to the Developer.

c. The Developer may record Security Financing Interests on the Site only for the purpose of securing Construction Loans and Permanent Loans identified in the Project Budget or Financing Plan approved by the City, and any refinancing of any such approved financing, subject to the City's consent.

9.2 Lender Not Obligated to Construct.

The holder of any Security Financing Interest authorized by this Agreement ("Permitted Lender") is not obligated to construct or complete any improvements or to guarantee such construction or completion, nor shall any covenant or any other provision of this Agreement be construed so to obligate such Permitted Lender. However, nothing in this Agreement shall be deemed to permit or authorize any such Permitted Lender to devote the Site or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

9.3 Notice of Default and Right to Cure.

a. Whenever the City delivers to Developer any notice of breach (or demand for performance) with respect to the commencement, completion, or cessation

of the construction of the Project, HCID shall at the same time deliver such notice to each Permitted Lender and the Tax Credit Investor. Each Permitted Lender and the Tax Credit Investor shall (insofar as the rights of the City is concerned) have the right, but not the obligation, at its option, within twenty (20) Business Days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default or breach which is subject to the lien of the Security Financing Interest held by such holder and to add the cost thereof to the security interest debt and the lien on its security interest. Any such increase in a Security Financing Interest, limited to the amount needed to cure or remedy such default, shall not require additional approval by the City. Nothing contained in this Agreement shall be deemed to permit or authorize any Permitted Lender to undertake or continue construction or completion of the Project (beyond the extent necessary to conserve or protect such improvements or construction already made) without first having expressly assumed in writing the Developer's obligations to the City under this Agreement. The Permitted Lender in that event must agree to complete, in the manner provided in this Agreement, the development of the Project. Any such holder properly completing the development of the Project pursuant to this section shall assume all rights and obligations of Developer under this Agreement and shall be entitled, upon written request made to the City, to a Certificate of Completion from the City.

b. If a non-monetary event of default occurs under the terms of this Agreement, prior to exercising any remedies hereunder, HCID shall give Developer, any Permitted Lender and the Tax Credit Equity Investor, as identified in Developer's LLC Agreement or partnership agreement, as the case may be, simultaneous notice of such default. If the default is reasonably capable of being cured within twenty (20) Business Days after such notice is received or deemed received, Developer shall have such period to effect a cure prior to exercise of remedies by the City under this Agreement. If the default is such that it is not reasonably capable of being cured within twenty (20) Business Days, and Developer (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then Developer shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the City. If Developer fails to take corrective action or to cure the default within a reasonable time, the City shall give Developer, any Permitted Lender and the Tax Credit Equity Investor written notice thereof, whereupon the Tax Credit Equity Investor may exercise any authority it may have under the Developer's LLC Agreement or partnership agreement, as the case may be, and the Permitted Lender may exercise any authority it may have under its financing agreements with Developer, to take corrective action, which may include, among other things, removing and replacing the managing member or general partner with a substitute managing member or general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. In no event shall the City be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) calendar days after the notice of default is received or deemed received.

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9.4 Failure of Permitted Lender to Complete Project.

In any case where six (6) months after default by the Developer, a Permitted Lender has not exercised its right to commence to complete the construction of the Project, or, having commenced to complete the construction of the Project has failed to complete the Project in a timely manner, the City shall be afforded those rights against such Permitted Lender it would otherwise have against the Developer under this Agreement.

9.5 Right of the City to Cure.

In the event of a default or breach by the Developer under the terms of any Security Financing Interest prior to the completion of construction of the Project, and if the Permitted Lender has not exercised its right to commence to complete the construction of the Project, or, having commenced to complete the construction of the Project has failed to complete the Project in a timely manner, the City may, upon prior written notice to the Developer, cure the default or breach, prior to the completion of any foreclosure. In such event, the City shall be entitled to reimbursement from the Developer of all costs and expenses incurred by the City in curing the default. The City shall also be entitled to a lien upon the Project and/or Site to the extent of such costs and disbursements. The City agree that such lien shall be subordinate to any Senior Loan, and the City shall execute from time to time any and all documentation reasonably requested by the Developer to effect such subordination.

9.6 Permitted Lenders to be Notified.

The Developer shall obtain and submit to the City acknowledgement of this Article 9 by each holder of a Security Financing Interest prior to recordation of such Security Financing Interest.

9.7 Modifications.

If a Permitted Lender or Tax Credit Equity Investor should, as a condition of providing funding for the Project, request any modification of this Agreement in order to protect its interests in the Project or this Agreement, the HCID General Manager shall consider such request in good faith consistent with the purpose and intent of this Agreement and the rights and obligations of the Parties under this Agreement. The HCID's General Manager shall have the authority to approve revisions to the terms of this Agreement requested in writing by a Permitted Lender or Tax Credit Equity Investor that are not material revisions if he/she reasonably determines that such revisions: (a) are limited to minor, technical or procedural matters; (b) do not increase the amount of the Acquisition Loan; (c) do not result in a reduction of equity and loan funds sufficient to complete the Project; (d) do not materially adversely affect the economic feasibility of the Project; (e) do not materially adversely affect the security of the Acquisition Loan Deed of

Trust; (f) do not materially modify the Conditions Precedent to the Close of Escrow; and (g) do not materially reduce any benefit to the City or the public pursuant to this Agreement. The City shall have the right to approve or disapprove such non-material changes in his/her sole discretion, or may refer such decision to HCID. Material revisions of this Agreement shall require the prior approval of the City.

ARTICLE 10. DEFAULT AND REMEDIES

10.1 Defaults – General.

a. Subject to the extensions of time set forth in Section 11.3 of this Agreement, failure or delay by either Party to perform or to comply with any term or provision of this Agreement shall constitute an Event of Default under this Agreement. The Party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary Event of Default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default written notice of such default. The Party in default shall have a period of ten (10) Business Days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured Party.

d. If a non-monetary Event of Default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default notice of such default. If the default is reasonably capable of being cured within twenty (20) Business Days after such notice is received or deemed received, the Party in default shall have such period to effect a cure prior to exercise of remedies by the injured Party. If the default is such that it is not reasonably capable of being cured within twenty (20) Business Days, and the Party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Party in default shall have such additional time as is reasonably necessary, but not more than one hundred eighty (180) calendar days, to cure the default prior to exercise of any remedies by the injured Party.

e. If Developer fails to take corrective action or cure the default within a reasonable time, HCID shall give each Permitted Lender and, as provided in paragraph f., below, the Tax Credit Equity Investor, notice thereof. The Tax Credit Equity Investor may take such action, including removing and replacing the managing member or managing general partner of Developer with a substitute managing member or managing general partner, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. The City agrees to accept cures tendered by any Permitted Lender or Tax Credit Equity Investor within the cure periods provided in the Acquisition Note. Additionally, in the event any Permitted Lender or Tax Credit Equity Investor is precluded from curing a non-monetary default due to a bankruptcy, injunction, or similar proceeding by or against Developer or the managing member or managing general partner of Developer, the City agrees to forbear from completing a foreclosure under this Agreement (judicial or non-judicial) during the period during which the Senior Lender or Tax Credit Equity Investor is so precluded from acting, not to exceed ninety (90) calendar days, provided such Tax Credit Equity Investor and Senior Lender are otherwise in compliance with the foregoing provisions. In no event shall the City be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) calendar days after the first notice of default is given.

f. After Developer gives written notice to the City of the admission to Developer's limited liability company or limited partnership of the Tax Credit Equity Investor, HCID shall send to the Tax Credit Equity Investor a copy of all notices of default and all other notices that HCID sends to Developer, at the address for the Tax Credit Equity Investor as provided by written notice to the City by Developer.

10.2 Institution of Legal Actions.

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

10.3 Applicable Law.

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

10.4 Acceptance of Service of Process.

a. In the event that any legal action is commenced by Developer against the City, service of process on the City shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the City against Developer, service of process on Developer shall be made by personal service upon Developer (or upon the managing member or managing general partner or any officer of Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

10.5 Rights and Remedies Are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

10.6 Damages.

Subject to the notice and cure provisions of Section 10.1 of this Agreement, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 10.1 of this Agreement, the defaulting Party shall be liable to the non-defaulting Party for any damages caused by such default, and the non-defaulting Party may thereafter (but not before) commence an action for damages against the defaulting Party with respect to such default. In no event shall the City be liable to Developer for any attorney's fees.

10.7 Specific Performance.

Subject to the notice and cure provisions of Section 10.1 of this Agreement, if either Party defaults with regard to any of the provisions of this Agreement, the non-defaulting Party shall serve written notice of such default upon the defaulting Party. If the default is not cured within the time provided in Section 10.1 of this Agreement, the non-defaulting Party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

10.8 Termination by Either Party.

Prior to the Close of Escrow, either Party shall have the right to terminate this Agreement, by providing written notice to the other Party, in the event of a failure of any Condition Precedent to the Close of Escrow as set forth in Section 3.1 of this Agreement, provided that such condition is for the benefit of and such failure is outside

the control of the Party seeking to terminate this Agreement. Upon such termination, neither the City nor Developer shall have any further rights against or liability to the other under this Agreement, except for indemnification rights that survivie termination of this Agreement.

10.9 Termination by the City.

a. Subject to the notice and cure provisions of Section 10.1 of this Agreement, the City shall have the right, prior to the Close of Escrow, to terminate this Agreement by providing written notice to Developer, in the event of a default by Developer or failure of any Condition Precedent to the Close of Escrow, including but not limited to the following:

(1) Developer fails to submit to the City evidence of financing or fails to satisfy any other Condition Precedent to the Close of Escrow, within the time established thereforth in this Agreement or the Schedule of Performance; or

(2) Developer (or any successor in interest) assigns or attempts to assign any of Developer's rights in and to the Site or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement; or

(3) there is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions of Section 8.2 of this Agreement; or

(4) Developer fails to submit any of the plans, drawings and related documents required by this Agreement by the respective dates provided in this Agreement therefor; or

(5) there is any other material default by Developer under the terms of this Agreement which is not cured within the time provided herein.

b. After the Close of Escrow but before the issuance of the Certificate of Completion, the City shall have the additional right to terminate this Agreement in the event any of the following defaults shall occur:

(1) Developer fails to commence construction of the Improvements as required by this Agreement and such breach is not cured within the time provided in Section 10.1 of this Agreement, provided that Developer shall not have obtained an extension or postponement to which Developer may be entitled pursuant to Section 11.3 hereof; or

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(2) Developer abandons or substantially suspends construction of the improvements and such breach is not cured within the time provided in Section 10.1 of this Agreement, provided Developer has not obtained an extension or postponement to which Developer may be entitled to pursuant to Section 11.3 hereof; or

(3) Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Site, or any part thereof, in violation of this Agreement, and such breach is not cured within the time provided in Section 10.1 of this Agreement; or

(4) Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 10.1 of this Agreement.

10.10 Power of Termination and Right of Reverter.

a. The Parties agree that the Completion of the Improvements by Developer for the provision of affordable housing, as provided in this Agreement, is a condition subsequent to which the fee simple estate in the City Site granted to Developer by the City is subject. Therefore, if this Agreement is terminated by the City pursuant to Section 10.9.b. of this Agreement following the Close of Escrow but prior to the Completion of construction as evidenced by issuance of the Certificate of Completion, the City shall have the additional right, in its sole and absolute discretion, in addition to any other rights and remedies granted in this Agreement, to exercise a power of termination as described in California Civil Code Section 885.010, to terminate and revest in the City the estate in the City Site previously conveyed to Developer pursuant to this Agreement and to re-enter and take possession of the City Site with any Improvements thereon. The City's rights pursuant to this Section shall terminate and be of no further force and effect upon the issuance of the Certificate of Completion for the Project.

b. The City's power of termination shall be limited by and shall not defeat, render invalid or limit: (1) any Security Financing Interest with respect to the City Site; or (2) any rights or interests provided in this Agreement for the protection of Permitted Lenders and/or Tax Credit Investor with respect to the City Site.

c. Upon revesting in the City title to the City Site as provided in this Section, the City shall, pursuant to its rights and responsibilities under the California Community Redevelopment Law ("CRL") and the Redevelopment Plan, use its best efforts to reconvey the City Site as soon as possible, in a commercially reasonable manner and consistent with the objectives of the CRL and the Redevelopment Plan, to a qualified and responsible developer (as determined by the City) who will assume the obligation of making or completing such improvements on the City Site as are acceptable to the City in accordance with the uses specified for the Site in the Redevelopment Plan and in a manner that is satisfactory to the City. Upon such resale of the City Site, any proceeds of such sale shall be applied as follows:

(1) First, to reimburse the City on its own behalf for all reasonable costs and expenses incurred by the City, including but not limited to pro-rata salaries of City staff and legal fees incurred in connection with the recapture, management and resale of the City Site (but less any income derived by the City from any part of the City Site in connection with such management); all taxes, installments of assessments payable prior to resale, and water and sewer charges with respect to the City Site; any payments made or required to be made to discharge any encumbrances or liens existing on the City Site at the time of revesting of title in the City or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; expenditures made or obligations incurred with respect to any improvements made or completed by the City on the City Site or any part thereof; and any amounts otherwise owing to the City by Developer and its successors or transferees.

(2) Second, to reimburse any Third Party Lender for disbursements of a Construction Loan to pay Development Costs, not to exceed the fair market value of the Improvements constructed or placed on the City Site by Developer.

(3) Third, to reimburse the City for any disbursements of the Acquisition Loan.

(4) Fourth, to reimburse any other maker of a Residual Receipts Loan for any disbursements to pay Development Costs.

(5) Fifth, to reimburse Developer for any Developer equity disbursed to pay Development Costs, less any gains or income withdrawn or made by Developer from the City Site or the Improvements thereon. Notwithstanding the foregoing, the sum of the amounts calculated pursuant to subsections (2), (3), (4) and (5) shall not exceed the fair market value of the Improvements on the City Site as of the date of the default or failure which gave rise to the City's exercise of their power of termination.

(6) Any balance remaining after such reimbursements shall be retained by the City as its property.

d. The rights established in this Section 10.10 are to be interpreted in light of the fact that the City will convey the City Site to Developer for redevelopment and not for speculation.

10.11 Survival.

Upon termination of this Agreement pursuant to this Article 10, all indemnification provisions set forth in this Agreement and any other provisions of this Agreement which by their terms are to survive termination hereof shall survive such

termination. This Section 10.11 is for reference purposes only, and does not alter the scope or nature of the surviving provisions.

10.12 Inaction Not a Waiver of Default.

Any failures or delays by either Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

10.13 No Attorneys' Fees.

Should legal action be brought by either Party for breach of this Agreement or to enforce any provision, neither Party in such action shall be entitled to attorneys' fees, court costs and other litigation expenses, including, without limitation, expenses incurred for preparation and discovery, and on appeal.

ARTICLE 11. GENERAL PROVISIONS

11.1 Developer Representations and Warranties.

The Developer represents and warrants to the City, as follows:

a. Organization. The Developer is _____, a Califonia Limited Partnership, whose Managing General Partner is _____, a California Limited Liability Corporation, whose General Partner is _____, a California non-profit public benefit corporation, each of which is duly organized, validly existing and in good standing under the laws of the State of California, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Agreement.

b. Authorization. The Developer has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Agreement, performance of the Agreement. Upon the date of this Agreement, this Agreement shall constitute a legal, valid and binding obligation of the Developer, enforceable against it in accordance with its terms.

c. No Conflict. The execution, delivery and performance of this Agreement by the Developer does not and shall not materially conflict with, or constitute a material violation or material breach of, or constitute a default under (i) the charter or incorporation documents of the Developer, (ii) any applicable law, rule or regulation binding upon or applicable to the Developer, or (iii) any material agreements to which the Developer is a party.

d. No Litigation. Unless otherwise disclosed in writing to the City prior to the date of this Agreement, there is no existing or, to the Developer's actual knowledge, pending or threatened litigation, suit, action or proceeding before any court or administrative agency affecting the Developer or, to the best knowledge of the Developer, the Developer Site that would, if adversely determined, materially and adversely affect the Developer or the Developer Site or the Developer's ability to perform its obligations under this Agreement or to develop and operate the Project.

e. Licenses, Permits, Consents and Approvals. Developer and/or any person or entity owning or operating the Developer Site has duly obtained and maintained, or shall duly obtain and maintain, and shall continue to obtain and maintain, all licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the business on the Developer Site.

11.2 Notices.

Formal notices, demands, and communications between the City and the Developer shall be sufficiently given if, and shall not be deemed given unless given in writing and dispatched by certified mail, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), with a receipt showing date of delivery, to the principal offices of the HCID and the Developer as follows:

HCID:	Housing and Community Investment Department 1200 W. 7th Street, Suite 900 Los Angeles, CA 90017 Attn: General Manager
With copies to:	Housing and Community Investment Department Asset Management Division 1200 W. 7th Street, Suite 900 Los Angeles,CA 90017 Attn: Asset Manager
Developer:	_____ With a copy to: _____

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 11.2. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

11.3 Enforced Delay: Extension of Time of Performance.

a. In addition to specific provisions of this Agreement, the time for performing non-monetary obligations pursuant to this Agreement shall be extended and non-monetary performance by either Party shall not be deemed to be in default where delays are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; acts of god; severe or unusual shortages of materials or labor; uncommon inclement weather of an extreme or exceptional nature, unavoidable casualty; or court order; or any other similar causes (other than lack of funds of the Developer or the Developer's inability to finance the construction of the Project) beyond the control or without the fault of the Party claiming an extension of time to perform.

b. An extension of time for any such cause (a "Force Majeure Delay") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within twenty (20) Business Days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the following: the event; its cause; when and how such Party obtained knowledge; the date the event commenced; a reasonable causal connection between the event and the need to extend the time of such Party's performance; and the estimated delay resulting from the event. Any Party claiming a Force Majeure Delay shall deliver such written notice within twenty (20) Business Days after it obtains actual knowledge of the event. Times of performance under this Agreement may also be extended in writing by the City and Developer.

11.4 Conflict of Interest.

a. No member, official, or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and shall not pay or give, any third person any money or other consideration for obtaining this Agreement.

11.5 Non-liability of City Officials and Employees.

No member, official, agent, legal counsel or employee of the City shall be personally liable to Developer, or any successor in interest in the event of any default or breach by the City or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement.

11.6 Inspection of Books and Records.

a. Prior to Completion, the City shall have the right at all reasonable times to inspect the books and records of Developer pertaining to the development of the Site as pertinent to the purposes of this Agreement. Developer shall also have the right at all reasonable times to inspect the books and records of HCID pertaining to the Site as pertinent to the purposes of this Agreement.

b. In addition, at all times prior to the expiration of the Regulatory Agreement, and/or repayment in full of the Acquisition Loan, whichever occurs later, the City shall have the right at all times to inspect the books and records of Developer pertaining to the operation of the Site.

11.7 Approvals.

a. Except as otherwise expressly provided in this Agreement, approvals required of the City or Developer in this Agreement, including the attachments hereto, shall not be unreasonably withheld, delayed or conditioned. All approvals shall be in writing. Failure by either Party to approve or disapprove a matter within the time provided for approval or disapproval of the matter shall not be deemed either approval or disapproval of the matter unless this Agreement specifically provides otherwise. Notwithstanding the foregoing, nothing contained in this Agreement shall restrict or limit the exercise of discretion by the Mayor, City Council or any member of the City Council in approving or disapproving this Agreement or any proposed material revisions or amendments to this Agreement, which approval may be granted or denied in the sole and absolute discretion of the City.

b. Whenever this Agreement calls for City approval, consent, or waiver, the written approval, consent, or waiver of, the HCID General Manager shall constitute the approval, consent, or waiver of the City, without further authorization required from the City Council and Mayor. The City hereby authorizes the HCID's General Manager to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the City. However, subject to Section 9.7 of this Agreement, any material modification and any amendment to this Agreement shall require approval by the City Council and Mayor.

11.8 Real Estate Commissions.

Neither Developer nor the City shall be liable for any real estate commissions or brokerage fees which may arise from this Agreement. Developer and the City each represents that it has engaged no broker, agent or finder in connection with this Agreement.

11.9 Construction and Interpretation of Agreement.

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any Party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the Party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any Party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. Any titles of the articles, sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) shall mean, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

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e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

11.10 Time of Essence.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

11.11 Relationship of the Parties.

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause the City to be responsible in any way for the debts or obligations of Developer or any other Person.

11.12 Compliance with Law.

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Site and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether the City be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the development and use of the Site shall be conclusive of that fact as between the City and Developer and shall therefore allow the City to exercise any and all remedies set forth in the City's Contractor/Developer Responsibility Policy.

11.13 Binding Effect.

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

11.14 Rights of Third Parties.

a. Except as otherwise expressly provided in this Agreement and the Regulatory Agreement, this Agreement shall not be deemed to confer any rights upon, nor obligate either of the Parties to this Agreement to any person or entity not a Party to this Agreement, and the Parties explicitly disclaim any intent to create a third party beneficiary relationship with any person or entity as a result of this Agreement.

b. The City shall be a third-party beneficiary retaining enforcement rights with respect to this Agreement.

c. The covenants and restrictions relating to the Affordable Housing Units set forth in Article 7 of this Agreement and in the Regulatory Agreement shall run with the land and shall be enforceable against any owner of the Site who violates a covenant or restriction and each successor in interest who continues the violation by any of the following:

1. The City;

2. A resident of any of the Affordable Units;

3. A residents' association with members who reside in the Affordable Units;

4. A former resident of a Affordable Unit;

5. An applicant seeking to enforce the covenants or restrictions for a particular Affordable Unit, if the applicant conforms to all of the following:

(A) Is of Low or Moderate Income;

(B) Is able and willing to occupy that particular Affordable Unit; and

(C) Was denied occupancy of that particular Affordable Unit due to an alleged breach of a covenant or restriction set forth in the Regulatory Agreement; and

6. A person on an affordable housing waiting list who is of Low or Moderate Income and who is able and willing to occupy a Affordable Unit.

11.15 Authority to Sign.

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

11.16 Use of Project Images.

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a. Developer hereby consents to and approves the use by the City of images of the Project, its models, plans and other graphical representations of the Project and its various elements ("Project Images") in connection with marketing, public relations, and special events, websites, presentations, and other uses required by the City in connection with the Project. Such right to use the Project Images shall not be assignable by the City to any other party (including, without limitation, any private party) without the prior written consent of Developer. Developer shall obtain any rights and/or consents from any third parties necessary to provide these Project Image use rights to the City.

b. Any publicity generated by Developer for the Project during the term of the Acquisition Loan shall make reference to the contribution of the City of Los Angeles in making the Project possible. The words "City of Los Angeles" shall be prominently displayed in any and all pieces of publicity, including but not limited to flyers, press releases, posters, signs, brochures, public service announcements, interviews and newspaper articles. Developer further agrees to cooperate with authorized staff and officials of the City in any City-generated publicity or promotional activities undertaken with respect to the Project.

11.17 Plans and Data.

If Developer does not proceed with the purchase or development of the Site, or if this Agreement is terminated for any reason, other than the breach of this Agreement by the City, Developer shall deliver to the City, without cost or expense to the City, any and all plans, drawings, studies, designs, reports, surveys, and data pertaining to the site and its development (collectively, "Site Designs") which are in the possession of Developer, together with a Bill of Sale therefor, which Site Designs shall thereupon be the sole property of the City, free of all claims or interests of Developer or any other person; and which the City may use, grant, license or otherwise dispose of to any person for development of the Site or any other purpose. To secure the obligations set forth in this Section and as a condition precedent to the first disbursement of the City Loan funds, Developer shall execute and cause its architect and contractor, as the case may be, and shall deliver to the City an Assignment of Agreements, Plans, Specifications and Entitlements substantially in the form of the instrument attached to this Agreement as **Exhibit I** to Part I of Exhibits.

11.18 Applicable Law.

A. This Agreement shall be interpreted under and pursuant to the laws of the State of California. The Developer shall carry out the administration of this Agreement and the construction and operation of the Project, in conformity with all applicable laws, to the extent they may apply, including, but not limited to the following applicable federal and state laws, as may be amended from time to time:

1. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §3601, *et seq* and implementing regulations at 24 C.F.R. Part 100, *et seq*, including, without limit, the design and construction requirements set forth in 42 U.S.C. §3604(f)(3) and the corresponding rules of HUD.

2. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 C.F.R. Part 107.

3. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4)(Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 C.F.R. Part 1; and its implementing regulations and as applied through Executive Order No. 13166, entitled "Improving Access to Services for Persons with Limited English Proficiency" ("LEP"), which requires recipients of federal funds, including Developer, to take reasonable steps to insure meaningful access to its programs and activities by persons with LEP as more fully described in HUD's final guidance contained in Federal Register, Volume 72, No. 13.

4. Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, 42 U.S.C. 2000e.

5. Title IX of the Education Amendments of 1972, as amended (20 USC §1681-§1683, and §1685-§1686).

6. Drug Abuse Office and Treatment Act of 1972, P.L. 92-255, as amended, relating to nondiscrimination on the basis of drug abuse.

7. Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970, P.L. 91-616 as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism.

8. Public Health Service Act of 1912, 42 USC 290 dd-3 and 290 ee-3, as amended, relating to confidentiality of alcohol and drug abuse patient records.

9. Genetic Information Nondiscrimination Act of 2008 (GiNA) P.L. 110-233

10. The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and

implementing regulations at 24 CFR Part 146.

11. Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 and implementing regulations at 24 C.F.R. Part 8, including the design and construction requirements of the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40 or any other applicable or successor design and construction requirements.

12. Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157.

13. Americans With Disabilities Act 42, U.S.C. 12101 *et seq.*, its implementing regulations at 28 CFR Part 35, and the Americans with Disabilities Amendments (ADAAA) Pub. L. 110-325 and all subsequent amendments, including the 2010 Standards for Accessible Design as defined in 28 C.F.R. § 35.104 and as applied to public entities (excluding any elevator exceptions).

14. Alternative Accessibility Standard for new construction per HUD's Notice at 79 Fed. Reg. 29,671 (May 23, 2014).

15. Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821-4826 and implementing regulations at 24 CFR Part 35.

16. Executive Order 12372 and implementing regulations at 24 CFR Part 52.

17. Flood Disaster Act of 1973, 42 U.S.C. 4001, *et seq.*

18. Wild and Scenic Rivers Act of 1968, 16 U.S.C. 1271, *et seq.*

19. Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.

20. Drug Free Workplace Act of 1988, 41 U.S.C. 701 et seq and HUD's implementing regulations at 2 C.F.R. part 2429; 28 C.F.R. Part 83; California Drug-Free Workplace Act of 1990, California Government Code Section 8350-8357.

21. Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, 42 U.S.C. 4601, *et seq.* and 24 CFR Part 42.

22. Office of Management and Budget ("OMB") Circulars: OMB Circular A-21 (Cost Principles for Educational Institutions); OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments);

OMB Circular A-110 (Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations); OMB Circular A-122 (Cost Principles for Non-Profit Organizations); OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations), and as codified in 2 CFR part 200 and 2 CFR part 2400.

23. Hatch Act, 5 U.S.C. 1501-1508 and 7324-7328

24. Copeland Act, 40 U.S.C. 276c and 18 U.S.C. 874

25. Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-333.

26. Federal Fair Labor Standards Act, 29 U.S.C. 201

27. Pursuant to California Government Code Section 16645, *et seq*, none of the funds shall be used to promote or deter Union/Labor organizing activities.

28. California Child Abuse and Neglect Reporting Act, California Penal Code Section 11164 *et seq.* and specifically Sections 11165.7, 11165.9, and 11166.

29. Section 106 of the National Historic Preservation Act of 1966, as amended, 16 U.S.C. 470, EO 11593, and the Archaeological and Historic Preservation Act of 1974, 16 U.S.C. 469A-1 *et seq*.

30. Project requirements in 92 C.F.R. Part 92, Subpart F, as applicable in accordance with the type of project assisted under HOME Funds.

31. The Housing and Community Development Act of 1974, 42 U.S.C. 5301, *et seq.*

32. Uniform Administrative requirements in 24 C.F.R. Part 84 and as described in OMB Circular A-122.

33. Community Housing Development Organization requirements in 24 C.F.R. Sections 92.300, 92.301 and 92.303.

34. Eligible Community Development Block Grant Program activities under 24 C.F.R. Sections 570.200-570.207.

35. Measure JJJ of the November 8, 2016 Los Angeles City Special Municipal Election, Section 5 Affordable Housing and Good Jobs (to

be codified in Sections 11.5.11 of the Los Angeles Municipal Code and Section 5.522 of the Los Angeles Administrative Code).

B. Developer must comply with Public Law 103-227, Part C—Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), if applicable. This Act requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by an entity and used routinely or regularly for the provision of health, day care, education or library services to children under the age of 18, if the services are funded by Federal programs either directly or indirectly or through State and local governments. Federal programs include grants, cooperative agreements, loans or loan guarantees and contracts. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds and portions of facilities used for inpatient drug and alcohol treatment. Developer further agrees that the above language will be included in any subcontracts that contain provisions for children's services and that all subcontractors shall certify compliance accordingly.

C. Developer acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the City under the False Claims Act (Cal. Gov. Code §§12650 *et seq.),* including treble damages, costs of legal actions to recover payments, and civil penalties of up to $10,000 per false claims.

D. The Developer shall carry out the construction and operation of the Project in conformity with all applicable laws and the requirements of the City, including all applicable federal, state and local labor standards. The Developer shall be responsible for complying with all applicable City, County and State building codes, and planning and zoning requirements, and shall take all necessary steps so that the development of the Property and the construction, use, operation, and maintenance of the Project thereon in accordance with the provisions of this Loan Agreement shall be in conformity with applicable zoning and General Plan requirements, and that all applicable environmental mitigation measures and other requirements shall have been complied with.

11.19 Severability.

If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

11.20 Binding Upon Successors; Covenants to Run With Land.

a. This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the Parties; provided, however, that there shall be no Transfer except as permitted in Article 8. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, successor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement or under law.

b. The terms of this Agreement shall run with the land, and shall bind all successors in title to the Site until the termination of this Agreement, except that the provisions of this Agreement that are specified to survive termination of this Agreement shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Site or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases the Site or the applicable portion of the Site from the requirements of this Agreement.

11.21 Effectiveness of Agreement.

This Agreement is dated for convenience only and shall only become effective on the Effective Date.

11.22 Amendments.

This Agreement may be amended only by means of a writing signed by all Parties.

11.23 Police Power.

Nothing contained herein shall be deemed to limit, restrict, amend or modify, nor to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City, its departments, commissions, agencies and boards and the officers thereof, including, without limitation, any redevelopment plan or general plan or any zoning ordinances, or any of City's duties, obligations, rights or remedies thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of City in the furtherance of the public health, welfare and safety of the inhabitants thereof, including, without limitation, the right under law to make and implement independent judgments, decisions and/or acts with respect to planning, development and/or redevelopment matters (including, without limitation, approval or disapproval of plans

and/or issuance or withholding of building permits) whether or not consistent with the provisions of this Agreement, any Exhibits attached hereto or any other documents contemplated hereby ("City Rules and Powers"). In the event of any conflict, inconsistency or contradiction between any terms, conditions or provisions of this Agreement, Exhibits or such other documents, on the one hand, and any such City Rules and Powers, on the other hand, the latter shall prevail and govern in each case. This Section shall be interpreted for the benefit of City.

11.24 Brokers.

The City and Developer each represents that it has not engaged any broker, agent or finder in connection with this transaction. Developer agrees to defend, indemnify and hold the City and all of the City's Representatives harmless from and against any Losses and Liabilities with respect to such commissions based upon the alleged acts of Developer. The City agree to defend, indemnify and hold Developer harmless from and against Losses and Liabilities with respect to such commissions based upon the alleged acts of the City. The indemnity obligations set forth in this Section shall survive the issuance of a Certificate of Completion by the City and the termination of this Agreement.

11.25 Submittals and Approvals.

Various submittals are required by the Developer pursuant to this Agreement. To the extent expressly provided by this Agreement, the City shall approve or disapprove certain submittals from Developer within specified timeframes.

11.26 Incorporation by Reference.

Each of the attachments and exhibits attached hereto as part of Part I of Exhibits, and/or delivered to Developer as part of Part II of Exhibits is incorporated herein by this reference as though fully set forth herein.

11.27 Counterparts.

This Agreement may be executed by each Party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

11.28 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the matters contained herein and supersedes any prior memoranda of understanding, negotiation agreement or commitment letter.

11.29 Approval Procedure.

Execution and delivery of this Agreement by Developer shall constitute Developer's offer to enter into this Agreement with the City. Following receipt of the executed Agreement, this Agreement shall not be effective unless approved by the the City Council and Mayor, and executed by the HCID General Manager or designee. This Agreement must be authorized, executed and delivered by HCID within seventy-five (75) calendar days after date of signature by Developer or Developer may withdraw its offer to enter into the Agreement upon written notice to the City. The effective date of this Agreement shall be the date when this Agreement has been executed by the City.

[Signatures appear on the following page]

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

HCID"

LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT

By: _____
SEAN L. SPEAR
Assistant General Manager

Dated: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER,
CITY ATTORNEY

By: _____
Deputy City Attorney

Dated: _____

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"DEVELOPER"

_____
a California limited partnership

By: _____
a California limited liability company,
its general partner

By: _____,
a California nonprofit public benefit corporation,
its _____ member

By: _____
Name:
Its:
Dated: _____

By:
a California nonprofit public benefit corporation,
its _____ member

By: _____
Name:
Its:
Dated: _____

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ACKNOWLEDGEMENT OF RECEIPT OF
PART II OF EXHIBITS

The exhibits constituting Part II are Standard City Requirements which are set forth in a separate document, the receipt of which is hereby acknowledged by Developer.

Part II of Exhibits (Standard City Requirements):

1. City of Los Angeles Requirements and Checklist, with Attachments.
2. ADA Covenants.

By: _____ Date: _____

Its: _____

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OWNERS PARTICIPATION AGREEMENT

PART I OF EXHIBITS

[BEHIND THIS PAGE]

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EXHIBIT A

CITY SITE MAP

[BEHIND THIS PAGE]

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EXHIBIT B

CITY SITE LEGAL DESCRIPTION

[BEHIND THIS PAGE]

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EXHIBIT C

SCHEDULE OF PERFORMANCE

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EXHIBIT D

SCOPE OF DEVELOPMENT

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EXHIBIT E

PROJECT BUDGET

[BEHIND THIS PAGE]

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EXHIBIT F

FORM OF GRANT DEED

[BEHIND THIS PAGE]

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EXHIBIT G

FORM OF ACQUISITION NOTE

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EXHIBIT H

FORM OF CITY LOAN DEED OF TRUST

[BEHIND THIS PAGE]

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EXHIBIT I

FORM OF ASSIGNMENT OF AGREEMENTS, PLANS, SPECIFICATIONS AND ENTITLEMENTS

[BEHIND THIS PAGE]

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EXHIBIT J

FORM OF STATUTORY REQUEST FOR NOTICE

[BEHIND THIS PAGE]

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EXHIBIT K

FORM OF CITY DEED OF TRUST

[BEHIND THIS PAGE]

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EXHIBIT L

FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS

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EXHIBIT M

HUD REQUIREMENTS

(TO BE ATTACHED ONLY IF CRA/LA OR CITY ASSISTANCE DERIVES FROM A PROGRAM OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT)

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PART II OF EXHIBITS – CITY CONTRACTING REQUIREMENTS

1. CITY CONSTRUCTION LOCAL HIRE PROGRAM

(TO BE ATTACHED ONLY IF A CONSTRUCTION LOCAL HIRE PROGRAM APPLIES. LOCAL HIRE PROGRAM APPLIES ONLY IF (A) CITY ASSISTANCE IS BETWEEN $500,000 AND $1,000,000; OR (B) CITY ASSISTANCE IS $1,000,000 OR MORE AND CONSTRUCTION CAREERS AND PROJECT STABILIZATION POLICY DOES NOT APPLY)

2. CITY IN-PLACE REHABILITATION PROCEDURES

(TO BE ATTACHED ONLY IF AGREEMENT INVOLVES REHABILITATION OF EXISTING HOUSING WITH TENANTS IN PLACE)

3. CITY HEALTHY NEIGHBORHOODS POLICY

(TO BE ATTACHED ONLY IF CITY COUNCIL APPROVES AMENDED HEALTHY NEIGHBORHOODS POLICY AND THEN ONLY IF CITY ASSISTANCE EXCEEDS $1 MILLION AND THE PROJECT CONTAINS 50 OR MORE RESIDENTIAL UNITS OR 50,000 SQUARE FEET OF NON-RESIDENTIAL FLOOR AREA, OR IF THE PARTIES OTHERWISE AGREE TO LEED CERTIFICATION)

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PART II OF EXHIBITS

EXHIBIT 2

ADA COVENANTS

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ADA COVENANTS

I. The following terms shall have the following definition:

"Accessibility Requirements" refers to the accessibility requirements that must be followed in the design, construction or alteration of the Project or an individual housing unit of the Project (including common use elements), based on all the applicable laws and regulations, including: (1) Title II of the Americans with Disabilities Act("ADA"), 42 U.S.C. §12101, et seq. and the implementing standards ("2010 ADA Standards") at 28 C.F.R. pt. 35 and the 2004 ADA Accessibility Guidelines ("ADAAG"), (2) Section 504 of the Rehabilitation Act of 1973 ("Section 504"), 29 U.S.C. §794, the implementing regulations at 24 C.F.R. Part 8, as well as the requirements of UFAS, (3) the Fair Housing Act ("FHA"), 42 U.S.C. §§3601-3620; 24 C.F.R. Parts 100, 103, and 104, and its implementing regulations, and the California Building Codes.

"Accessible" means when used with respect to a Housing Unit or a Housing Development, full compliance with the Accessibility Requirements.

"Accessible Housing Development" means a Housing Development that is Accessible, including Accessible public and common use areas.

"Accessible Housing Units" means collectively Housing Units that are on an Accessible Route, are Accessible, and are located in an Accessible Housing Development. The term Accessible Units refers collectively to Housing Units with Mobility Features and Housing Units with Hearing/Vision Features.

"Housing Development" means the whole of one or more residential structures and appurtenant structures in the Project, including common walkways and parking lots that were or are designed, constructed, altered, rehabilitated, operated, administered or financed in whole or in part by the City.

"Housing Unit" means a single unit of residence in the Housing Development that provides spaces for living, bathing, and sleeping.

"Housing Unit with Hearing/Vision Features" means a Housing Unit that complies with 24 C.F.R. §8.22 and the applicable UFAS or 2010 ADA Standards.

"Housing Unit with Mobility Features" means a Housing Unit that complies with 24 C.F.R. §8.22 and the applicable UFAS or 2010 ADA Standards.

"UFAS" means the Uniform Federal Accessibility Standards for the design, construction or alteration of buildings and facilities to ensure that they are readily accessible to and usable by individuals with disabilities, 24 C.F.R §40, Appendix A.

[Continued on the next page]

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II. Additional ADA requirements of the Issuer:

A. Accessible Housing Units. The Housing Development shall be constructed in accordance with HUD's Alternative Accessibility Standard set forth in HUD's notice at 79 Fed. Reg. 29,671 (May 23, 2014) to ensure accessibility for persons with disabilities. The following types of Accessible Housing Units shall be prioritized for persons with disabilities who have a disability-related need for the accessibility features of the unit.

(a) At least 10 percent (10%) of the total Housing Units in each Housing Development shall be constructed or rehabilitated and maintained by the Owner as Housing Units with Mobility Features.

(b) At least an additional four percent (4%) of the total Housing Units in each Housing Development shall be constructed or rehabilitated and maintained by the Owner as Housing Units with Hearing/Vision Features.

(c) In determining the number of units any fractions of units shall be rounded up to the next whole number.

(d) The Accessible Housing Units shall, to the maximum extent feasible, be geographically distributed and
dispersed in terms of location within the Housing Development, and shall be provided in a range of unit sizes and types.

(e) Within fifteen (15) working days of the temporary Certificate of Occupancy being issued, Owner shall provide the City with a list of all Accessible Housing Units, specifying the unit number, bedroom size and type of impairment, i.e. mobility or hearing/vision.

(f) Following reasonable notice to Owner, Owner shall allow the City to conduct periodic onsite inspections of the Housing Developments in order to verify compliance with the Accessibility Standards.

(g) The City and/or its agents will monitor the Developer's compliance with this Agreement and the requirements of the source of funds utilized to finance the Project. Violations of this Agreement and/or funding requirements may result in penalties, fees and expenses being levied against the City. The Owner will be responsible for any costs, penalties, fees and expenses levied against the City and will be responsible to pay any expenses incurred by the City to enforce this Agreement.

HCIDLA will monitor the initial production and ongoing occupancy of the Accessible Housing Units and the Accessible Housing Development by applying the updated ADAAG to ensure full compliance with the Accessibility Requirements. In order to determine compliance with the Accessibility Requirements, Developer shall submit the

name and HCIDLA shall review and approve a Certified Access Specialist ("CASp") for the Project. The CASp will:

1. Review building plans and specifications for compliance with Accessibility Requirements and issue a Building Plans Compliance Report;
2. Conduct progress/rough inspections and issue a Progress Inspection Report of the housing development that identifies any compliance issues; and
3. Conduct final inspection(s) to ensure that all compliance issues have been resolved. CASp will issue a set of findings that identify all compliance issues and a final Accessibility Report when the Project is in compliance.

HCIDLA shall inspect the construction/rehabilitation to verify that the correct number of Accessible Housing Units have been produced and that the necessary and required design elements have been constructed to make the units and site accessible for individuals with disabilities, in compliance with Section 2 and supported by an independent CASp consultant's report.

During the term of this Agreement, HCIDLA will utilize the Housing Development's City approved Property Management Plan and Fair Housing Policy in Regard to Disability, to monitor ongoing occupancy compliance of the Accessible Housing Units and nondiscrimination in regards to individuals with disabilities. Compliance with the Accessibility Requirements shall include, but not be limited to, target marketing, establishing and monitoring Transfer and Waiting Lists for the Accessible Housing Units, reasonable accommodations and modifications requests, implementation of the service animal policy and policy for re-leasing empty Accessible Housing Units and all elements contained in the Fair Housing Policy in Regard to Disability dated July 28, 2014, as amended over time.

[End of Exhibit 2]

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PART II OF EXHIBITS

EXHIBIT 3

MAYOR'S EXECUTIVE DIRECTIVE No. 26

Issue Date: December 21, 2012

City-wide Compliance with Federal and State Disablity Laws

[Behind This Page]

DRAFT

PART II OF EXHIBITS – EXHIBIT 4

EXHIBIT 4

The Instructions and Information on Complying with City Insurance Requirements (Form General 133) and the Required Insurance and Minimum Limits Sheet (Form General 146) are attached hereto to this Exhibit 4.

INSURANCE CONTRACTUAL REQUIREMENTS

CONTACT For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at www.lacity.org/cao/risk. The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low cost alternative for contractors who are unable to obtain City-required insurance.

CONTRACTUAL REQUIREMENTS

DEVELOPER AGREES THAT:

1. Additional Insured/Loss Payee. The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.

2. Notice of Cancellation. All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.

3. Primary Coverage. DEVELOPER will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.

4. Modification of Coverage. The CITY reserves the right at any time during the term of this Contract to change the amounts and types of insurance required hereunder by giving DEVELOPER ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to DEVELOPER, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.

5. Failure to Procure Insurance. All required insurance must be submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by DEVELOPER.

(Continued)

DEVELOPER'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Contract shall constitute a material breach of this Contract under which the CITY may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONTRACTOR.

6. Workers' Compensation. By signing this Contract, DEVELOPER hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

7. California Licensee. All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

8. Aggregate Limits/Impairment. If any of the required insurance coverages contain annual aggregate limits, DEVELOPER must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

9. Commencement of Work. For purposes of insurance coverage only, this Contract will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-4, to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

(Continued)

Form Gen. 146 (Rev. 3/09)

Name: _____ Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

___ **Workers' Compensation – Workers' Compensation (WC) and Employer's Liability (EL)** **WC** *Statutory*

EL ___

☐☐☐Waiver of Subrogation in favor of City ☐☐Longshore & Harbor Workers
☐☐☐☐☐☐☐ ☐☐Jones Act

___ **General Liability** _____

☐
☐☐Products/Completed Operations ☐☐Sexual Misconduct _____
☐☐☐Fire Legal Liability _____
☐☐ _____

___ **Automobile Liability** (for any and all vehicles used for this Contract, other than commuting to/from work) ___

___ **Professional Liability** (Errors and Omissions)

___ **Property Insurance** (to cover replacement cost of building – as determined by insurance company)

☐
☐☐All Risk Coverage ☐☐Boiler and Machinery
☐ ☐☐Flood _____ ☐☐Builder's Risk
☐ ☐☐Earthquake _____ ☐☐_____

(Continued)

___ **Pollution Liability** _____

_____

□□_____

____**Surety Bonds** – Performance and Payment (Labor and Materials) Bonds 100 % of

Contract Price

___ **Crime Insurance**

Other: _____

_____

_____

_____