FORM GEN. 160

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

WA # 0111-31341-0096
C.F. 14-0425-S8

Date: May 15, 2019

To: City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer
Office of the City Administrative Officer

Subject: **COUNCIL TRANSMITTAL: LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORITY TO ACQUIRE FROM THE CRA/LA, A DESIGNATED LOCAL AUTHORITY, THE PROPERTY LOCATED AT 110 SOUTH BOYLE AVENUE, LOS ANGLES, CA 90033, AND TO EXECUTE A DEVELOPMENT AND DISPOSITION AGREEMENT FOR THE PROPERTY**

RECOMMENDATION

Our Office has reviewed the attached report from the Housing and Community Investment Department (HCID) and concurs with the recommendations in the report.

SUMMARY

On January 8, 2015, the City of Los Angeles entered into an Option Agreement to purchase the property at 110 South Boyle Avenue from CRA/LA, the successor agency to the former Redevelopment Agency of the City of Los Angeles. The property currently consists of a 14,620 square foot vacant lot in Council District 14, and is one of ten Future Development properties with option agreements that the city secured with CRA/LA in order to ensure that robust community benefits would accompany future developments on these sites. In May 2016, the Economic and Workforce Development Department released a Request For Proposals ("RFP") seeking a mix of affordable housing and commercial uses on the property, and a City panel subsequently selected the development proposal from Azure Development, Inc. The Azure development proposal will result in the construction of 44 units, 43 of which will be reserved for affordable housing, and groundfloor retail uses. The actions currently proposed will authorize HCID to acquire the property from CRA/LA and execute a Disposition and Development Agreement ("DDA") with the Azure Development, Inc. for development of the project.

FISCAL IMPACT

The proposed transaction is not anticipated to have an impact on the General Fund at this time. The acquisition funds include up to $1,842,500 of CRA/LA Excess Bond Proceeds. As an Affected Taxing Entity under the Dissolution Statute, it is anticipated that the City will receive approximately $399,100 in sales proceeds as property tax income upon the sale of the property.

Attachment: 1) Mayor's May 15, 2019 Transmittal of the May 13, 2019 HCID Report to Council (CF 14-0425-S8)

RHL:YC:jvw:nsh
DocId: 15190116

TRANSMITTAL

To: **THE COUNCIL**

Date: 05/15/19

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
1200 West 7th Street, Los Angeles, CA 90017
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Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

May 13, 2019

Council File: 14-0425-S8
Council Districts: 14
Contact Persons: Kompheak Taing (213) 928-9029
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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: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST FOR AUTHORITY TO ACQUIRE FROM THE CRA/LA, A DESIGNATED LOCAL AUTHORITY, THE PROPERTY LOCATED AT 110 SOUTH BOYLE AVENUE, LOS ANGELES, CA 90033, AND TO EXECUTE A DEVELOPMENT AND DISPOSITION AGREEMENT FOR THE PROPERTY

SUMMARY

In accordance with Executive Directive No. 3, the General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to acquire the vacant property located at 110 South Boyle Avenue, Los Angeles, CA 90033 (Assessor Parcel Number 5174-018-900) ("Property") from the CRA/LA, a Designated Local Authority and successor in interest to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA). HCIDLA also requests approval and authority to execute a Disposition and Development Agreement ("DDA") with Azure Development, Inc., the selected developer, for development of the Property into an affordable housing and commercial project ("Project").

RECOMMENDATIONS

I. That the Mayor review this transmittal and forward to City Council for further action;

II. That the City Council, subject to the approval of the Mayor:

A. FIND, based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in the previously certified Environmental Impact Report (EIR), SCH No. 1997061065, certified on September 17, 1998; and pursuant to CEQA Guidelines, Sections 15162 and 15164 and the Addendum, dated January 2019, that no major revisions to the EIR are required and no subsequent EIR, or negative declaration is required for approval of the project;

B. REQUEST the Mayor, or designee, to exercise the Option by and between the City of Los Angeles and the CRA/LA, for the acquisition of the Property upon approval of the CRA/LA Governing Board, Oversight Board, and the State Department of Finance;

C. AUTHORIZE HCIDLA to be the implementing department;

D. AUTHORIZE the General Manager of HCIDLA, or designee:

i. To acquire the Property for the fair market value of $1,535,000.00 ("Purchase Price");

ii. To apply the CRA/LA Excess Housing Bond Proceeds ("EHBP") available in Council District (CD) 14 from the Adelante Eastside Redevelopment Project Area (Project Area) for the acquisition cost of the Property that includes the Purchase Price, related closing costs, and associated site cleanup costs, up to the amount of $1,842,500.00;

iii. To execute the Purchase and Sale Agreement ("PSA") and accept the Grant Deed, substantially consistent with Attachments A and B, for the purchase of the Property from CRA/LA for the Purchase Price as approved as to form by the City Attorney;

iv. To proceed to effectuate all escrow and related required actions to complete the transaction, provided all contingencies are met, upon notice from the Mayor that the purchase of the Property from CRA/LA has received all required approvals, and deposit all acquisition proceeds into an escrow account with Chicago Title Company to be applied towards City's purchase of the Property;

E. AUTHORIZE the Controller to:

i. Establish a new account "43R731 – 110 S. Boyle Ave Property Acquisition" within the Low and Moderate Income Housing Fund 55J/43;

ii. Transfer up to $1,842,500 from Tax Exempt Restricted Cash to Unrestricted Cash and appropriate therefrom to Account 43R731 – 110 S. Boyle Ave Property Acquisition; and

iii. Expend funds upon proper demand of the HCIDLA General Manager, or designee;

F. AUTHORIZE the General Manager of HCIDLA, or designee, to negotiate and execute a Disposition and Development Agreements (DDA) with Azure Development, Inc. or a to-be-formed limited partnership (Developer) for the purpose of ground leasing the Property and development of an affordable housing project, approved as to form by the City Attorney, based upon the negotiated key terms and conditions ("Term Sheet") and the form of DDA, and substantially consistent with Attachments C & D; and

G. AUTHORIZE the General Manager of HCIDLA, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council action on this matter, subject to the approval of the City Administrative Officer ("CAO"); and REQUEST the Controller to implement those instructions.

BACKGROUND

Property Overview

The Property is an approximately 14,620 square foot vacant lot located in Council District 14. Its current owner is CRA/LA. The Property is bounded by East 1st Street to the north, South Boyle Avenue to the west, residences to the south, and an alley to the east. It is in the immediate vicinity of Mariachi Plaza, the Boyle Hotel, multiple local bus lines, the Metro Gold Line Light Rail Station, and various small businesses and restaurants.

CRA/LA Option Agreement

In March 2013, the City Council and Mayor requested that the CRA/LA include the Property as a Future Development property on the CRA/LA "Long Range Property Management Plan" (Council File No. 14-0425). By doing so and by entering into an Option Agreement with CRA/LA for the Property dated January 8, 2015 under Contract C-125181 ("Option Agreement"), the City secured the opportunity to acquire the Property and ensure that the disposition of the Property would provide community benefits. On December 8, 2014, the City Council authorized the Mayor to execute the Option Agreement for the Property, which is identified as Asset ID No. 475 in the CRA/LA Long Range Property Management Plan. Through the terms of the Option Agreement, the City has the right to acquire the Property for the Purchase Price, as well as the right to solicit proposals for use of the Property that are consistent with the provisions of the Adelante Eastside Redevelopment Project Area's Redevelopment Plan, Five Year Implementation Plan, and the Community Plan. The Option Agreement is set to expire on June 30, 2019.

HCIDLA is requesting that the City Council authorize the Mayor to exercise the Option; the City Council and the Mayor approve the purchase of the Property from CRA/LA, substantially consistent with the form and substance of the PSA and Grant Deed (Attachments A and B); and the authorize HCIDLA to proceed in effectuating all escrow and related required actions to complete the transaction.

Environmental Conditions

Various City departments have assisted in performing the City's due diligence in assessing the feasibility of purchasing the Property from the CRA/LA. Environmental site assessments performed by the City's Bureau of Engineering (BOE) found identified contaminants that exceeded acceptable levels in specific areas on the Property. The City's Bureau of Sanitation (LASAN) negotiated a grant from the State Water Quality Control Board (SWQCB) to complete the environmental remediation of the Property. Additional funds for up to $300,000 for environmental cleanup will be provided by Account 43R731 – 110 S. Boyle Ave. Property Acquisition. Contaminants on the Property will be mitigated before any development commences. Environmental cleanup consisting of State and City funds will be performed by BOE.

CRA/LA Excess Housing Bond Proceeds

Prior to the dissolution of the Community Redevelopment Agency of the City of Los Angeles (Former CRA), The Community Redevelopment Finance Authority of the City of Los Angeles issued both tax-exempt and taxable tax allocation bonds for the Adelante Eastside Redevelopment Project Area. A portion of the proceeds were deposited into the Former CRA's Low and Moderate Income Housing Fund (the "Housing Bond Proceeds"). With the dissolution of the Former CRA and pursuant to California Health Safety Code Section 34175(b), control of the Housing Bond Proceeds were transferred to the successor of the former agency, the CRA/LA – a Designated Local Authority (CRA/LA). On June 9, 2015, CRA/LA and HCIDLA executed a Housing Bond Expenditure Agreement (HBEA) authorizing the transfer of the unencumbered Housing Bond Proceeds to HCIDLA, designated in the redevelopment dissolution statues as the Housing Successor Agency to the Former CRA. Under the agreement, HCIDLA shall use the unencumbered Housing Bond Proceeds solely for projects that are consistent with Community Redevelopment Law ("CRL"), the respective redevelopment plan, and the Bond Covenants, including without limitation all requirements relating to maintaining the tax-exempt nature of any tax-exempt bonds. HCIDLA received the unencumbered Housing Bond Proceeds and is tracking and monitoring this fund as CRA/LA Excess Housing Bond Proceeds ("EHBP"). HCIDLA is actively seeking to identify housing projects that meets HBEA's criteria. HCIDLA has identified the Property located in the Adelante Eastside Redevelopment Project Area in Council District 14 for the use of EHBP's Adelante Eastside tax-exempt bond proceeds.

HCIDLA is requesting approval to utilize EHBP for the acquisition and cleanup of the Property, authorization to expend the EHBP, and authorization for the Controller to process transactions related to the acquisition of the Property.

Future Property Tax Receipts

With the use of the EHBP, the proposed purchase will not have an impact on the City's General Fund. Although sale proceeds will initially go to CRA/LA, the City, as an Affected Taxing Entity under the Redevelopment Dissolution Statues, will receive into its General Fund a portion of the sales proceeds. The City's share will be approximately 26% of the sales proceeds.

Disposition Plan

In November 2016, the City Council and Mayor approved a Disposition Plan for the Property pursuant to Section 6(b) of the Option Agreement and in accordance with the approved Long Range Property Management Plan, the applicable Adelante Eastside Redevelopment Plan, the Five Year Implementation, and the Community Plan, as required by the Option Agreement (Council File No. 14-0425-S8). On June 25, 2018, CRA/LA's Governing Board and Oversight Board approved, the Disposition Plan with a revised acquisition schedule (Resolution No. OB 18-09).

The anticipated acquisition schedule in the Disposition Plan was based on the City's assumption that the Property would be acquired from CRA/LA and reconveyed to the Developer in a double escrow. However, since the submission of the Disposition Plan, HCIDLA has taken the lead in the development process for this Property. In accordance with the Housing Development Land Conveyance Policy approved by the City Council on November 8, 2017 (Council File No. 17-0862), the Property's disposition will change from a sale to a long-term ground lease. HCIDLA's Land Conveyance Policy states "where feasible, HCIDLA will execute long-term ground leases for the development of affordable housing projects on publicly-owned land".

Developer Selection

In May 2016, the Economic and Workforce Development Department (EWDD) released a Request for Proposals (RFP) for the Property. The RFP contemplated a mix of affordable housing and commercial uses, as well as sufficient parking to support the economically viable uses for the Project.

An RFP notice was posted to the Los Angeles Virtual Business Assistance Network (LABAVN) and to a private real estate development opportunity website, in an attempt to ensure the broadest reach possible. EWDD received two proposals. A panel consisting of staff from the CAO, EWDD, HCIDLA, and two community members reviewed, scored, ranked, and recommended the selection of Azure Development, Inc. as the developer. Upon Council action approving the recommended developer, EWDD and HCIDLA executed an Exclusive Negotiation Agreement (ENA) with Azure Development, Inc. in September 2017.

It should be noted, however, that in June 2017, the City received an appeal from the non-selected proposer, The Serrano Development Team. On July 25, 2017, the Appeals Board, which consisted of representatives from EWDD, HCIDLA, and CAO, heard the appellant's arguments and affirmed the original selection decision.

On October 23, 2017, a member of The Serrano Development Team filed a petition for writ of administrative mandate in the Los Angeles Superior Court. The suit seeks to set aside the original decision selecting the development team, and the administrative appellate decision affirming that original selection decision. Counsel for real-party-in-interest Azure Development, Inc. has appeared in the case. As of May 2, 2019, the petitioner has not sought a preliminary Court Order to stay or enjoin any City action, and the City Attorney's office has not received any notice that the petitioner filed an opening brief, which was due on April 26, 2019. The lawsuit is still pending, and therefore, there is a risk that The Serrano Development Team could obtain a court order that could adversely impact the City's developer selection process.

Public Land Development Process

During Fiscal Years 2017, 2018, and into the current fiscal year, 2019, the selected developer has worked with HCIDLA's Public Land Development Program team to refine development plans, financing terms, and milestones required to complete the supportive housing development process. From the inception of the development process, the 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. Azure Development, Inc. also brought in a development partner, Many Mansions, to participate in the Project. At the completion of the underwriting process, the proposed terms of the Project were evaluated by HCIDLA's Loan Committee. Upon approval by the Loan Committee, a term sheet outlining the key business terms and conditions were agreed to and signed by the developers and HCIDLA. The approved Term Sheet is provided as Attachment C of this report. The DDA template approved by HCIDLA is provided as Attachment D of this report.

Mayor and City Council approval to negotiate and execute the DDA will demonstrate to the CRA/LA the City's commitment to the Option Agreement and its provisions for usage of the Property, which are consistent with the Adelante Eastside Project Area's Redevelopment Plan, Five Year Implementation Plan, and Community Plan. Additionally, the approval will enable the Developer to demonstrate the City's commitment of land to the Project, which will strengthen the competitiveness of their application for funding from a variety of sources, including the California Department of Housing and Community Development's Multi-family Housing Program (MHP). The DDA will commit public land valued at One Million Five Hundred Thirty-five Thousand Dollars ($1,535,000.00), and will result in the new construction of 43 affordable housing units.

HCIDLA is requesting authority to negotiate and execute a DDA for this project, based on the key terms and conditions contained in the attached term sheets.

TABLE 1 – CITY OWNED LAND DEVELOPMENT RECOMMENDATIONS

Future City Owned Property Address	Council District	Selected Lead Developer	Land Transfer Type	Disposition Type	Current Fair Market Value	Supportive Units	Total Units
110 S. Boyle Ave	14	Azure Development, Inc.	Ground Lease	DDA	$1,535,000	43	44

CEQA Review

The City of Los Angeles Department of City Planning (DCP) is the lead agency for this Project for the purpose of the California Environmental Quality Act of 1970 (CEQA). CEQA requires DCP to identify significant environmental impacts a project may produce, and ways to mitigate such impacts. The City's CEQA decision maker for this Project, the Los Angeles City Planning Commission, approved a Letter of Determination on March 26, 2019 (Case no. CPC-2018-998-DB-CU). The Los Angeles City Planning Commission found, based on independent judgment, after consideration of the whole of the administrative record, that the Project was assessed in the previously certified Environmental Impact Report (EIR), SCH No. 1997061065, certified on September 17, 1998. In addition, pursuant to CEQA Guidelines, Sections 15162 and 15164 and the Addendum, dated January 2019, no major revisions to the EIR are required and

no subsequent EIR, or negative declaration is required for approval of the Project. The Letter of Determination was subject to a 15-day appeal period that expired on April 15, 2019. No appeal was filed.

FISCAL IMPACT

The proposed transaction will have no fiscal impact to the General Fund at this time. The acquisition funds include up to $1,842,500 of CRA/LA Excess Housing Bond Proceeds. As an affected Taxing Entity under the Redevelopment Dissolution Statutes, the City will in the future receive the equivalent of approximately 26% of the Purchase Price from the County Auditor-Controller, as City General Funds.

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General Manager

ATTACHMENTS:

Attachment A - 1st & Boyle PSA
Attachment B - Draft Grant Deed 110 S. Boyle Ave
Attachment C - 1st & Boyle Term Sheet
Attachment D - Form of Agreement for DDA

City Draft: 04-18-19

PURCHASE AND SALE AGREEMENT

AND JOINT ESCROW INSTRUCTIONS

BY AND BETWEEN

CRA/LA
("Seller")

AND

CITY OF LOS ANGELES

("Purchaser")

REGARDING

110 S. BOYLE AVENUE, LOS ANGELES, CALIFORNIA 90033

(APN 5174-018-900)

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PURCHASE AND SALE AGREEMENT
[110 S. BOYLE AVENUE, LOS ANGELES, CALIFORNIA 90033]

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**"), dated as of _____, 2019 (the "**Effective Date**") is entered into by and between **CRA/LA,** a Designated Local Authority (the "**Seller**" or "**CRA/LA**"), and successor to the former **COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES** (the "**Former Agency**"), and the **CITY OF LOS ANGELES**, a municipal corporation (the "**Purchaser**" or "**City**"). The Seller and the Purchaser are hereinafter sometimes individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS

A. Seller owns the fee interest of that certain approximately 14,620 square-foot parcel of real property located at 110 S. Boyle Avenue, Los Angeles, California 90033 (the "**Real Property**") as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (such real property together with all improvements located thereon and the Appurtenances, as defined in Section 1.1.2, is referred to herein as the "**Property**"). Purchaser desires to acquire fee title to the Property from Seller.

B. Seller and Purchaser have entered into that certain Option Agreement, dated as of January 8, 2015, and pertaining to the Property (as hereafter defined) (the "**Option**"). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Option.

C. As contemplated by the Option and as set forth in Purchaser's proposed disposition plan for the Property ("**Disposition Plan**"), Purchaser intends to transfer interests in the Property to Azure Development, Inc., a California corporation, and Many Mansions, a California nonprofit benefit corporation ("**Azure**" or the "**Developer**"), upon its acquisition thereof from Seller for development of the Property. Such transfer of possession and use of the Property from Purchaser to Developer shall occur pursuant and subject to the terms and provisions of that certain Disposition and Development Agreement by and between Purchaser and Developer (the "**City-Azure DDA**").

D. On June 25, 2018, Seller's Oversight Board approved, by the adoption of Resolution No. OB 18-09, the Disposition Plan pursuant to Section 6(b) of the Option and in accordance with the approved Long Range Property Management Plan, the applicable Redevelopment Plan, Five Year Implementation Plan and Community Plan.

E. On _____, 2019, Purchaser exercised its right to purchase the Property as provided in Section 13 of the Option by delivery to Seller of the Option Notice and the establishment of an escrow with the Escrow Agent.

NOW, THEREFORE, in reliance upon the foregoing Recitals and in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

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AGREEMENT

ARTICLE 1
DEFINITIONS

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 "**Agreement**" means this Purchase and Sale Agreement.

1.1.2 "**Appurtenances**" means all of Seller's right, title and interest, if any, in and to the following: (a) all improvements on the Real Property as of the Close of Escrow; (b) all rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders, including, without limitation, all (i) development rights and credits, air rights, water rights, and water stock, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, and (iii) mineral, oil, gas, and other subsurface rights; (c) all plats and maps; (d) entitlements; (e) security deposits; (f) guarantees, warranties, and utility contracts; and (g) all leases pertaining to the Real Property.

1.1.3 "**City**" means the City of Los Angeles, acting in its capacity as other than Purchaser hereunder, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 1200 West 7th Street, 6th Floor, Los Angeles, California 90017.

1.1.4 **"City-Azure DDA"** means that certain Disposition and Development Agreement by and between Purchaser and Developer.

1.1.5 "**Close of Escrow**" and "**Closing**" are defined in Section 2.3.2.

1.1.6 "**Default**" is defined in Section 3.2.

1.1.7 "**Deposit**" is defined in Section 2.2.1.

1.1.8 "**Developer**" means Azure Development, Inc., a California corporation, and Many Mansions, a California nonprofit benefit corporation.

1.1.9 "**Disposition Plan**" means the City's First & Boyle Proposed Disposition Plan, dated May 2018.

1.1.10 "**Effective Date**" means the date on which this Agreement is fully executed by the Parties and date stamped by the City Clerk.

1.1.11 "**Escrow**" is defined in Section 2.3.1.

1.1.12 "**Escrow Agent**" means Chicago Title Company. The principal office of the Escrow Agent for purposes of this Agreement is 725 S. Figueroa Street, Los Angeles, California 90017, Attention: Joan Hawkins, AVP/SR, telephone: (213) 612-4161, Fax: (213) 488-4384, Email: joan.hawkins@ctt.com.

1.1.13 "**Grant Deed**" is defined in Section 2.5.2.

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1.1.14 "**Hazardous Materials**" means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term "**Hazardous Materials**" shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.15 "**Hazardous Materials Laws**" means all present and future applicable federal, state and local laws, ordinances, regulations, permits, decrees, orders and any other legal 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 and Recovery Act, the Clean Water 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).

1.1.16 "**Option**" is defined in Recital B.

1.1.17 "**Property**" is defined in Recital A.

1.1.18 "**Purchase Price**" is defined in Section 2.1.

1.1.19 "**Purchaser**" means the City of Los Angeles.

1.1.20 "**Released Parties**" is defined in Section 2.7.2.

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1.1.21 "**Seller**" means CRA/LA.

1.1.22 "**Survey**" is defined in Section 2.5.1.

1.1.23 "**Title Company**" is defined in Section 2.5.3.

1.1.24 "**Title Policy**" is defined in Section 2.5.3.

1.1.25 "**Title Report**" is defined in Section 2.5.1.

1.1.26 "**Transaction Costs**" means all costs incurred by either Party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

ARTICLE 2
PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. Seller agrees to sell the Property to Purchaser, and Purchaser agrees to purchase the Property from Seller, for the sum of One Million Five Hundred Thirty Five Thousand Dollars ($1,535,000.00) (the "**Purchase Price**").

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Purchaser as follows:

2.2.1 Deposit. Within ten (10) business days following the Effective Date, Purchaser shall deposit with Escrow Holder the sum of Seventy Six Thousand, Seven Hundred Fifty Dollars ($76,750.00) (the "**Deposit**"). Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. At least two (2) days prior to the Close of Escrow, Purchaser shall deposit or cause to be deposited with Escrow Holder the balance of the Purchase Price and an amount equal to all other costs, expense and prorations payable by Purchaser hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Upon exercise of the Option, Purchaser and Seller opened an escrow (the "**Escrow**") with the Escrow Agent for the transfer of the Property to Purchaser. The Parties shall deposit with the Escrow Agent a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the Parties) for the Escrow. The Escrow Agent is authorized to act under this Agreement and to carry out its duties as the Escrow Agent hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Agent causes the Grant Deed to be recorded in the Official Records of the County of Los Angeles, delivers the Purchase Price (less any costs, expenses and prorations payable by Seller) to Seller and performs the other duties identified herein. The Close of Escrow shall occur within sixty (60) days from the Effective Date, provided that the Parties may extend the Close of Escrow for such

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additional periods of time upon mutual written agreement. If the Close of Escrow does not occur due to a default by either Party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is Purchaser, then Seller shall be entitled to the Deposit under Section 3.3.1). If the Closing does not occur for any reason other than a default by Purchaser or Seller, then this Agreement shall automatically terminate, the Deposit shall be promptly returned to the Purchaser, minus one-half of any amounts for Escrow cancellation charges.

2.3.3 Delivery of Closing Documents.

(a) Seller and Purchaser agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Seller, conveying a fee simple interest in the Property to Purchaser;

(ii) Seller's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by Seller in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of Seller's and Purchaser's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

Seller and Purchaser further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of Seller and Purchaser to close the transaction shall be subject to the satisfaction, or waiver in writing by the Party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of Seller, Purchaser shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, including any outstanding costs owed to Seller for appraisals, expenses and prorations payable by Purchaser hereunder.

2.4.2 For the benefit of Seller, all actions and deliveries to be undertaken or made by Purchaser on or prior to the Close of Escrow as set forth herein shall have occurred, as reasonably determined by Seller.

2.4.3 For the benefit of Purchaser, all actions and deliveries to be undertaken or made by Seller on or prior to the Close of Escrow shall have occurred, as reasonably determined by Purchaser.

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2.4.4 For the benefit of Seller and Purchaser, all approvals as required herein to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of Seller, Purchaser shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder and Purchaser shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of Purchaser, Seller shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and Seller shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of Seller, the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of Purchaser, the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of Purchaser, Title Company shall be irrevocably committed to issuing in favor of Purchaser the Title Policy, in form and substance, and with endorsements reasonably acceptable to Purchaser.

Notwithstanding anything to the contrary contained herein, the effectiveness and enforceability of this Agreement is subject to the approval of Seller's Governing Board, Oversight Board, and, if required, the California Department of Finance, all as provided in Section 13 of the Option.

If all the foregoing conditions have not been met to the benefitted Party's sole satisfaction or expressly waived in writing by the benefitted Party on or before the respective dates set forth herein, or if no date is set forth herein by the Close of Escrow, then this Agreement shall become null and void, in which event, except as expressly set forth in this Agreement, neither Party shall have any further rights, duties or obligations hereunder, and Purchaser shall be entitled to the immediate refund of the Deposit, subject to any deductions for the payment of escrow cancellation fees.

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2.5 Condition of Title; Survey; Title Insurance.

2.5.1 Within ten (10) days after the Effective Date, Seller shall deliver to Purchaser for Purchaser's review and approval, (i) a current preliminary title report covering the Property (the "**Title Report**") and legible copies of any instruments noted as exceptions thereon, and (ii) any survey of the Property in Seller's possession. Purchaser at its sole expense may obtain a current or updated ALTA survey of the Property in connection with the issuance of the Title Policy and Seller shall cooperate with the same. Any survey obtained by Purchaser are each a "**Survey**" hereunder.

2.5.2 At the Close of Escrow, Purchaser shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "B" and incorporated herein by this reference (the "**Grant Deed**").

2.5.3 At Closing, Purchaser shall receive a CLTA Owner's Coverage Policy of Title Insurance or a binder therefor acceptable in form and substance to Purchaser (the "**Title Policy**"), together with all endorsements requested by Purchaser, issued by Chicago Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, except (a) current taxes and assessments of record, but not any overdue or delinquent taxes or assessments, (b) the matters set forth or referenced in the Grant Deed, and (c) such other encumbrances as Purchaser approves in writing including those reflected in the Title Report for the Property approved by Purchaser. The Purchaser may obtain an extended coverage policy of title insurance at its own cost.

2.6 Escrow and Title Charges; Prorations.

2.6.1 Purchaser shall pay: (i) the coverage premiums on the Title Policy, and (ii) the costs of a Survey obtained by Purchaser and any endorsements to the Title Policy. Purchaser and Seller shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property. Each Party shall be responsible for its own Transaction Costs.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be pro-rated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and Seller and Purchaser shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Condition of the Property.

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2.7.1 "As Is" Purchase. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND PURCHASER IS BUYING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT PURCHASER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM SELLER, ITS AGENTS, OR BROKERS AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (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 PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE PROPERTY 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, (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR THE ADJOINING OR NEIGHBORING PROPERTY, AND (H) THE CONDITION OF TITLE TO THE PROPERTY. PURCHASER AFFIRMS THAT PURCHASER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF SELLER OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. PURCHASER ACKNOWLEDGES THAT IT 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 PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY 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). PURCHASER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'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.

2.7.2 Release. If Purchaser completes the purchase of the Property, Purchaser, on behalf of itself and anyone claiming by, through or under the Purchaser hereby waives its right

to recover from and fully and irrevocably releases Seller, its board members, employees, officers, directors, representatives, and agents (the "Released Parties") from any and all claims, responsibility and/or liability that the Purchaser may have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials, and (iii) any information furnished by the Released Parties under or in connection with this Agreement.

Purchaser hereby acknowledges that it has read and is familiar with the provisions of California Civil Code Section 1542, which is set forth below:

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

By initialing below, Purchaser hereby waives the provisions of Section 1542 solely in connection with the matters which are the subject of the foregoing waivers and releases.

Purchaser's Initials

_____

The waivers and releases by Purchaser herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

Notwithstanding the foregoing, the waivers and releases contained in this Section 2.7 shall not apply to, nor shall the Released Parties be released from, any actual misrepresentation or act of fraud on their part.

2.8 Damage or Destruction. If, prior to the Close of Escrow, any part of the Property is damaged or destroyed by earthquake, flood, landslide, fire or other casualty not caused by Purchaser, then Purchaser will promptly inform Seller in writing and specify the extent of damage. If the damage to the Property may significantly affect the appraised value ("FMV") of the Property or may significantly impair the Developer's intended use or development of the Property, then the Close of Escrow shall be extended for thirty (30) days or such longer time as agreed to by the Parties. If the damage may significantly affect the FMV of the Property, and such casualty is not fully covered by insurance or the proceeds of any such insurance cannot be transferred to Purchaser, then the process set forth in Section 12(a) of the Option shall be used to determine the current Purchase Price of the Property (minus any insurance proceeds obtained by Purchaser). If the damage may significantly impair the Developer's intended use or development of the Property, then Purchaser may terminate this Agreement and receive a refund of the Deposit (minus the costs of the Escrow).

2.9 Escrow Agent.

2.9.1 Escrow Agent is authorized and instructed to:

(a) Pay and charge Purchaser for any fees, charges and costs payable by Purchaser under this Article. Before such payments are made, the Escrow Agent shall notify Seller and Purchaser of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge Seller for any fees, charges and costs payable by Seller under this Article. Before such payments are made, the Escrow Agent shall notify Seller and Purchaser of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the Parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by Seller and Purchaser; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in Purchaser in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both Seller and Purchaser.

2.9.3 All communications from the Escrow Holder to Seller or Purchaser shall be directed to the addresses and in the manner established in Section 4.1 of this Agreement for notices, demands and communications between Seller and Purchaser.

2.9.4 The responsibility of the Escrow Agent under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Agent that do not materially amend or modify the express provisions of these escrow instructions.

ARTICLE 3
EVENTS OF DEFAULT, REMEDIES AND TERMINATION

3.1 Purchaser Events of Defaults. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of any applicable cure period, shall constitute a default ("**Purchaser Event of Default**") under this Agreement:

3.1.1 Filing of a petition in bankruptcy by or against Purchaser or appointment of a receiver or trustee of any property of Purchaser, or an assignment by Purchaser for the benefit of creditors, or adjudication that Purchaser is insolvent by a court, and the failure of Purchaser to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

3.1.2 Purchaser's failure to perform any requirement or obligation of Purchaser set forth herein, on or prior to the date for such performance set forth herein, and, so long as such failure is not caused by any wrongful act of Seller or Purchaser; or

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3.1.3 Purchaser's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

3.2 Seller Events of Default. Occurrence of any or all of the following, prior to the Close of Escrow, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Seller Event of Default**", and together with a Purchaser Event of Default, a "**Default**") under this Agreement:

3.2.1 Seller, in violation of the applicable provision of this Agreement, fails to convey the Property to Purchaser at the Close of Escrow; or

3.2.2 Seller breaches any other material provision of this Agreement.

3.3 Remedies in the Event of Default.

3.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Purchaser or Seller, the non-defaulting Party shall first notify the defaulting Party in writing of its purported breach or failure, giving the defaulting Party ten (10) days from receipt of such notice to cure such breach or failure. If such breach or default is not cured within such ten (10) day period (other than a failure by Seller to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property may, at the non-defaulting Party's sole discretion, terminate, and if Purchaser is the non-defaulting party, Purchaser shall thereupon promptly receive a refund of the Deposit and all interest accrued thereon. Except as herein otherwise expressly provided, such termination of the Escrow shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

3.3.2 Purchaser's Default. If the transaction contemplated hereby shall fail to close as and when required as a result of Purchaser's default hereunder, then, as Seller's sole and exclusive remedy for such default, the Deposit shall be paid over to Seller as agreed and liquidated damages and not as a penalty, it being acknowledged by Buyer and Seller that in such event Seller will suffer substantial damages but such damages are incapable of exact ascertainment. After payment to Seller of the Deposit, neither Seller nor Purchaser shall have any further rights or obligations hereunder except for those obligations designated to survive under this Agreement. If subsequent to Closing Purchaser shall fail to comply with its obligation contained herein which survive Closing, Seller, in addition to any rights and remedies provided herein, shall be entitled to any and all remedies available at law or in equity.

IF PURCHASER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF PURCHASER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. SELLER AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT

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MONETARY DAMAGES SELLER WOULD SUFFER UPON PURCHASER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. PURCHASER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND PURCHASER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, PURCHASER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

_____ _____

Seller Purchaser

3.3.3 Seller's Default. If this transaction shall not be closed because of default of Seller, then, as Purchaser's sole and exclusive remedy for such default or failure of condition precedent, as applicable, either (i) the Deposit shall be returned to Purchaser on demand and Seller shall reimburse Purchaser for Purchaser's reasonable and documented out of pocket expenses incurred by Purchaser solely in connection with Agreement (not including any fees, charges, or expenses of any kind for any financing being procured by Purchaser), not to exceed Ten Thousand Dollars ($10,000.00) (the "Expenses"), or (ii) Purchaser may pursue specific performance of Seller's obligations under this Agreement. Upon return of the Deposit and the Expenses, this Agreement shall be terminated, and neither Party shall have any further rights or obligations hereunder except for the obligations designated to survive under this Agreement.

3.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of Seller, its Governing Board or Oversight Board shall personally be liable to Purchaser, or any successor in interest of the Purchaser, in the event of any Default or breach by Seller, or for any amount which may become due to Purchaser, or any successor in interest, on any obligation under the terms of this Agreement. No representative, employee, attorney, agent or consultant of Purchaser shall personally be liable to Seller or Oversight Board, or any successor in interest of Seller or Oversight Board, in the event of any Default or breach by Purchaser, or for any amount which may become due to Seller or Oversight Board, or any successor in interest, on any obligation under the terms of this Agreement.

3.5 Legal Actions.

3.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California.

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

3.5.3 Acceptance of Service of Process. If any legal action is commenced by Purchaser against Seller, service of process on Seller shall be made by personal service upon the Custodian

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of Records of Seller, or in such other manner as may be provided by law. If any legal action is commenced by Seller against Purchaser, service of process on Purchaser shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law, whether made within or without the State of California.

3.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated 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 time or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

3.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay 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 either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

ARTICLE 4
GENERAL PROVISIONS

4.1 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery, or by facsimile or email sent between 8:00 a.m. (Pacific time) and 5:00 p.m. (Pacific time) on a business day accompanied or preceded by a telephone call with the recipient alerting the recipient of the facsimile or email. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, or (d) on the day of facsimile or email transmission, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

Seller: CRA/LA, A Designated Local Authority
448 South Hill Street, Suite 1200
Los Angeles, California 90013
Attention: Chief Executive Officer

with a copy to: Goldfarb & Lipman LLP
550 S. Hope Street, Suite 2685
Los Angeles, California 90071
Attention: Thomas Webber, Esq.

Purchaser: Housing & Community Investment Department
1200 W. 7th Street, 9th Floor
Los Angles, California 90017
Attention: General Manager

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with a copy to: Mayor's Office of Economic Development
200 North Main Street, Room 1300
Los Angeles, California 90012
Attention: Deputy Mayor for Economic Development

with a copy to: Office of the City Attorney
200 North Spring Street, 21st Floor
Los Angeles, California 90012
Attention: Housing Division

4.2 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

4.3 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

4.4 Time of the Essence. Time is of the essence of this Agreement.

4.5 Indemnity. Government Code Section 895.2 imposes joint civil liability upon public entities solely by reason of such entities being parties to an agreement.

4.5.1 Pursuant to Government Code Section 895.4 and 895.6, Seller and Purchaser shall each assume the full liability imposed upon it, or any of its officers, agents or employees, by law for injury caused by any negligent or wrongful act or omission occurring in the performance of this Agreement.

4.5.2 Seller and Purchaser indemnify and hold harmless the other party for any loss, costs, or expenses that may be imposed upon such other party by virtue of Government Code Section 895.2.

4.5.3 In the event of a third-party loss caused by negligence, wrongful act or omission of both parties, each party shall bear financial responsibility in proportion to its percentage of fault as may be mutually agreed or judicially determined. The provisions of Civil Code Section 2778 regarding interpretation of indemnity agreements are hereby incorporated.

4.6 Release. Without limiting Section 2.7, Purchaser acknowledges that Seller is not in any manner responsible to Purchaser for the presence of any Hazardous Materials at, on, in, under or relating to the Property, if any. Purchaser and its successor and assigns hereby specifically and irrevocably releases the Seller, its board members, its officers, its employees and its Oversight Board members from any and all Claims relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials on the Property, if any, including without limitation, any residual contamination, in, on, under or about the Property or affecting natural resources, whether prior to or following Closing, and also including, without limitation, any liability due to asbestos-containing materials at the Property. PURCHASER'S CLOSING HEREUNDER SHALL BE DEEMED TO CONSTITUTE AN

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EXPRESS WAIVER OF PURCHASER'S AND ITS SUCCESSORS' AND ASSIGNS' RIGHTS TO SUE SELLER AND OF PURCHASER'S RIGHT TO CAUSE ANY OF SELLER's BOARD MEMBERS, OFFICERS, EMPLOYEES OR OVERSIGHT BOARD MEMBERS TO BE JOINED IN AN ACTION BROUGHT UNDER ANY OF THE HAZARDOUS MATERIALS LAW NOW EXISTING OR HEREAFTER ENACTED. The acknowledgments of Purchaser and the release contained in this Section of this Agreement shall survive Closing or termination of this Agreement.

4.7 Approvals by Seller and Purchaser. Unless otherwise specifically provided herein, wherever this Agreement requires Seller or Purchaser to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

4.8 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either Party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the Party to be bound thereby. No person is authorized to make, and by execution hereof Purchaser and Seller acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on Purchaser or Seller.

4.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.10 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

4.11 Representations of Seller. Seller warrants and represents to Purchaser as follows:

(a) As of the Close of Escrow, Seller has full power and authority, including, but not limited to, the approval of its Governing Board and Oversight Board, to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a

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breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Seller is a party.

(b) As of the Effective Date and the Close of Escrow, there is no existing or, to Seller's actual knowledge, pending litigation, suit, action or proceeding before any court or administrative agency regarding the Property that would, if adversely determined, materially and adversely affect the Property or Seller's ability to perform its obligations under this Agreement or Developer's ability to use or develop the Property.

(c) Seller has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and Seller has not dealt with any broker or finder purporting to act on behalf of Seller or otherwise.

(d) During the Term hereof, Seller has not encumbered or permitted the encumbrance of the Property without providing written notice thereof to Purchaser.

(e) As of the Close of Escrow, Seller has not entered into, amended or modified any agreement pertaining to the Property which will survive the Close of Escrow and thereafter become an obligation of Purchaser, except any such agreement for which Purchaser has provided prior written consent.

4.12 Representations of Purchaser. Purchaser warrants and represents to Seller as follows:

(a) As of the Close of Escrow, Purchaser has full power and authority, including, but not limited to, the approval of its City Council, to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Purchaser is a party.

(b) As of the Effective Date and the Close of Escrow, there is no existing or, to Purchaser actual knowledge, pending litigation, suit, action or proceeding before any court or administrative agency regarding the Property that would, if adversely determined, materially and adversely affect the Property or Purchaser's ability to perform its obligations under this Agreement or Developer's ability to use or develop the Property.

(c) Purchaser has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and Purchaser has not dealt with any broker or finder purporting to act on behalf of Purchaser or otherwise.

[SIGNATURES ON THE FOLLOWING PAGE]

DRAFT

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

SELLER:

CRA/LA, A DESIGNATED LOCAL AUTHORITY

By: _____
Name: Steve Valenzuela
Title: Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: _____
Thomas H. Webber
CRA/LA Counsel

Date: _____

PURCHASER:

THE CITY OF LOS ANGELES,
a municipal corporation

By: _____
Name: Rushmore D. Cervantes
Title: General Manager, Housing & Community Investment Department

APPROVED AS TO FORM:

MICHAEL N. FEUER, CITY ATTORNEY

By: _____
Curtis S. Kidder, Assistant City Attorney

Attest: Holly Wolcott, City Clerk

By _____
Deputy

DRAFT

Recording Requested by:

CRA/LA, A Designated Local Authority
448 S. Hill Street, Suite 1200
Los Angeles, California 90013
Attn: Records Department

After recordation mail to and
Mail tax statements to:

City of Los Angeles
Housing and Community Investment Department
1200 W. 7th Street, 8th Floor
Los Angles, California 90017

APNs: 5174-018-900

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Sections 6103 and 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

GRANT DEED

For valuable consideration, the receipt of which is hereby acknowledged,

CRA/LA, a Designated Local Authority, (herein called "Grantor" or "CRA/LA"), the successor agency to THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA (the "Former Agency"), grants to the City of Los Angeles, a municipal corporation (herein called "Grantee"), the real property located at 110 S. Boyle Street, Los Angeles, California 90033 (the "Property") legally described in the document attached hereto, labeled Exhibit A, and incorporated herein by this reference, together with all of Grantor's right, title and interest in and to all easements, privileges and rights appurtenant to the Property. The Grantee accepts this grant of the Property with the express intention that any of Grantee's existing interests, including without limitation existing easement interests, therein shall not merge into Grantee's fee interest in the Property upon Grantee's acquisition of the fee interest in the Property.

1. As of February 1, 2012, the Former Agency was dissolved pursuant to California Health & Safety Code Section 34172. In accordance with California Health & Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency to the Former Agency. In accordance with California Health & Safety Code Section 34175(b) all property and assets of the Former Agency were assumed by CRA/LA. Pursuant to Health and Safety Code Section 34181(a) and following noticed public meetings of CRA/LA's Governing Board and Oversight Board and

approval by the State of California Department of Finance, CRA/LA is transferring the Property to Grantee for housing and economic development purposes.

2. Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, 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, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property herein conveyed nor shall the Grantee or any person claiming under or through the Grantee 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, subtenants, sublessees, vendees, or employees in the Property herein conveyed. The foregoing covenant shall run with the land.

All deeds, leases or other real property conveyance contracts entered into by the Grantee on or after the date of this Grant Deed as to any portion of the Property shall contain the following language:

(a) In Deeds:

"Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, 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, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the grantee or any person claiming under or through the grantee 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, subtenants, sublessees, vendees, or employees in the property herein conveyed. The foregoing covenant shall run with the land."

DRAFT

(b) In Leases:

"The lessee herein covenants by and for the lessee and lessee's heirs, personal representatives and assigns and all persons claiming under or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, 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, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, vendees, or employees in the land herein leased."

(c) In Contracts:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, national origin, ancestry, disability (actual or perceived), medical condition, age, source of income, familial status, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived, 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, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee 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, subtenants, sublessees, vendees, or employees of the land."

3. The covenants contained in this Grant Deed shall be construed as covenants running with the land.

[Remainder of page intentionally left blank; signature page to follow.]

DRAFT

IN WITNESS WHEREOF, the Grantor has caused this Grant Deed to be executed by its duly authorized representative.

SELLER:

CRA/LA, A DESIGNATED LOCAL AUTHORITY

By: _____
Estevan Valenzuela
Chief Executive Officer

APPROVED AS TO FORM:

GOLDFARB & LIPMAN LLP

By: _____
Thomas H. Webber
CRA/LA Counsel

DRAFT

EXHIBIT A

LEGAL DESCRIPTION OF LAND

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 9, 10 AND 11 OF THE WORKMAN AND HOLLENBECK TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGES 426 AND 427 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 11, CONDEMNED BY THE CITY OF LOS ANGELES FOR WIDENING FIRST STREET, BY DECREE OF CONDEMNATION RECORDED IN BOOK 4427, PAGE 146 OF DEEDS CASE NO. 67319 SUPERIOR COURT.

EXCEPTING ALL OIL, GAS AND OTHER HYDROCARBONS, GEOTHERMAL RESOURCES AS DEFINED IN SECTION 6903 OF THE CALIFORNIA PUBLIC RESOURCES CODE AND ALL OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT WITHIN OR THAT MAY BE PRODUCED FROM SAID REAL PROPERTY.

AND FURTHER EXCEPTING THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO DRILL AND MAINTAIN WELLS OR OTHER WORKS INTO OR THROUGH SAID REAL PROPERTY AND THE ADJOINING STREETS, ROADS AND HIGHWAYS BELOW A DEPTH OF FIVE HUNDRED (500) FEET AND TO PRODUCE, INJECT, STORE AND REMOVE FROM AND THROUGH SUCH WELLS OF WORKS, OIL, GAS, WATER AND OTHER SUBSTANCES OF WHATEVER NATURE, INCLUDING THE RIGHT TO PERFORM BELOW SAID DEPTH ANY AND ALL OPERATIONS DEEMED NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS.

THE RIGHTS HEREINABOVE EXCEPTED DO NOT INCLUDE ANY RIGHT TO USE THE SURFACE OF SAID REAL PROPERTY OR THE FIRST FIVE HUNDRED (500) FEET BELOW SAID SURFACE OR TO CONDUCT ANY OPERATIONS THEREON OR THEREIN, AS RESERVED IN A DEED RECORDED MARCH 22, 1979 AS INSTRUMENT NO. 79-315200 OF OFFICIAL RECORDS.

APN: **5174-018-900**

DRAFT

La Guadalupe
Disposition and Development Agreement
Key Terms and Conditions

1. **Parties to the Agreement:**
The Disposition and Development Agreement ("DDA") for the La Guadalupe Mixed-Use Project (Project) shall be entered by and between the City of Los Angeles, a municipal corporation ("City"), and 110 South Boyle, L.P. ("Residential Lessee") for the residential component and 110 S. Boyle Avenue, LLC ("Commercial Lessee") for the commercial component. The Project will be co-developed by Azure Development, Inc (Azure) and Many Mansions.

2. **Site Description:**
The following parcel of land is currently owned by CRA/LA, a Designated Local Authority that is the Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles. The City intends to purchase the Site from CRA/LA prior to the construction of the Project and is therefore referred to as the "City Site" for the purposes of the term sheet and agreements.

	Address	APN	Parcel Size (SF)	Legal Description
City Site	110 S. Boyle Avenue	5174-018-900	14,620	Attachment A
Site			14,620	

3. **City Site History:**
The Site consists of vacant land that is located in Council District 14 and is in the former Adelante Eastside Redevelopment Project Area. In January 2015, the City entered into an Option Agreement with CRA/LA to purchase the Site. The Site is categorized as a Future Development Property in CRA/LA's Long Range Property Management Plan which gave the City an opportunity to acquire the Site at the appraised Fair Market Value. Per the terms of the Option Agreement, the City will develop the Site in accordance with the provisions of the Redevelopment Plan, the Five Year Implementation Plan, and the Community Plan for the Project Area. In May 2016, the Economic and Workforce Development Department (EWDD) released a Request for Proposals (RFP) for the Site, and on May 2017, the City Council selected the Developer's proposal. EWDD, HCIDLA and the Developer entered into an Exclusive Negotiating Agreement (ENA) on September 13, 2017. The City anticipates acquiring the Site before the Option Agreement expires on June 30, 2019.

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. The Site consists of one parcel totaling 14,620 square feet of land area, or 0.34 acres, and is currently a vacant land.

   b. Gross Building Area:

	Square Feet
Gross Living Area	22,637
Leasing Office / Recreation Room	1,137
Commercial Space	7,693
Common Area / Circulation	8,376
Total Gross Building Area	**39,843**

c. Unit Mix:

	Units
Studios	19
1-Bedrooms	19
2-Bedrooms	6
3-Bedrooms	0
Total Units	44

d. Parking Spaces:

	Parking Spaces
Residential Spaces	24
Commercial Spaces	17
Total Spaces	41

e. The 43 affordable units will be restricted to homeless and chronically homeless households.

f. 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.

g. Amenities included in the Project include the following: a community room, laundry rooms, open courtyard, BBQ area, and rooftop terrace.

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

6. **Ground Rent for the Residential Component:**
The City agrees to ground lease the Site to Developer and Developer agrees to ground lease the 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. The pro rata share will be based on an appraisal that takes into account this Term Sheet requirements.

   c. Upon conclusion of the Initial Term, the Ground Lease will automatically be extended for one 10-year and two 11-year terms, up to a maximum total lease term of 99 years. If the project maintains its affordability according to the Agreement Containing Covenants, the Base Rent ($10,000) and the residual receipt payment equal to the pro rata share of 50% of residual receipts payments will remain.

   d. If after the Initial Term, the Developer changes the project to market rate, 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).

   e. 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.

f. Residual Receipts Rent payments will be subordinated to construction and permanent debt lenders of the Project.

g. The form of Ground Lease is subject to Investors agreement.

7. **Ground Rent for the Commercial Component:**
   a. The annual commercial ground rent payment will be set based on the commercial component's pro rata share of the appraised fair market value of the Site multiplied by 6%. The pro rata share will be based on the amount of commercial gross leasable area as compared to the total gross building area of the Project. Based on this formula, the annual ground rent payments would be estimated as follows: $1,535,000 x (7,500 sf / 39,843 sf = 19%) x 6% = $17,336
   b. The annual commercial ground rent payments will be increased every five years based on the Consumer Price Index. The commercial ground rent payments will increase no less than 10% and no greater than 20% after each five year period.

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

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

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

11. **Developer Fee:**
    The total developer fee to be received by the Developer is $2,943,574, of which $855,241 is estimated to be deferred and will be paid with cash flow generated from operations of the residential component. An additional $163,574 will be provided to the Project as equity.

12. **Social Services to be Provided at the Project:**
    Many Mansions will provide the following services to tenants in the Project:
    a. Case management;
    b. Life skills education;
    c. Mental health services;
    d. Substance abuse education; and
    e. General benefit assistance.

13. **Minimum Reserves:**
    The Project will provide the following minimum reserves:

	Minimum Reserves
Capitalized Operating Reserve	$166,000
Capitalized Transition Reserve	$480,290
Annual Replacement Reserve Deposits	$500/unit

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

Agreement	
City Density Bonus Affordability Restrictions	Unsubordinated
City Ground Lease and Ground Lease Regulatory Agreement	Unsubordinated
City Ground Lease Payments (Fixed)	Subordinated to TEB
City Ground Lease Affordability Restrictions	Unsubordinated
HHH Affordability Restrictions	Subordinated to TEB

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	Total Units
30% AMI		TCAC	16	15	2	33
50% AMI		TCAC	3	4	3	10
Total Units			19	19	5	43

b. CDLAC Regulatory Agreement:

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	Total Units
30% AMI		TCAC	0	0	0	0
50% AMI		TCAC	2	2	1	5
60% AMI		TCAC	17	17	4	38
Total Units			19	19	5	43

c. MHP Regulatory Agreement:

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	Total Units
30% AMI		MHP	16	15	2	33
50% AMI		MHP	3	4	3	10
Total Units			19	19	5	43

d. City Land Regulatory Agreement:

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	Total Units
Extremely Low Income	§50106	§50053	5	7	1	13
59% Income	§50105	§50053	11	8	1	20
80% Income	§50079.5	§50053	3	4	3	10
Total Units			19	19	5	43

e. City Density Bonus Regulatory Agreement (Per Health and Safety Code Definitions):

	Income Restriction	Rent Restriction	Studio Units	1-Bdrm Units	2-Bdrm Units	Total Units
Very-Low Income	§50105	§50053	2	2	2	6
Low Income	§50079.5	§50053	0	0	0	0
Total Units			2	2	2	6

16. Financing Plan:

The following summarizes the proposed financing plan:

Description	Entity	Amounts
Tax-Exempt Housing Bonds - Acquisition	City of LA	$1,500,000
Tax-Exempt Bonds	CDLAC/Issued by City of LA	
Construction		$13,456,121
Permanent		$2,540,000
4% Tax Credit Equity	TCAC/TBD Investor	$9,401,760
MHP Loan	HCD	$2,142,053
Deferred Developer Fee	Developer	$855,241
Developer Fee Equity	Developer	$163,574
HHH Loan	City of LA	$9,460,000
Project-Based Section 8	HACLA	43
New Markets Tax Credits (Commercial Component)		$5,001,000
Metro Grant (Commercial Component)		$288,760

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	Timing
Entitlements Secured	March 2019
DDA Executed	April 2019
HHH Application / Approval	November 2018 / March 2019
MHP Application / Award	June 2019 / September 2019
HACLA PBV Application / Award	3rd Quarter 2019 / 3rd Quarter 2019
City TEB Application / Approval	January 2020 / March 2020
4% TCAC Application / Award	January 2020 / March 2020
Partnership Closing	September 2020
Financing / Land Closing	September 2020
Construction Commences / Completed	September 2020 – June 2022
Placed in Service Date / COO	July 2022

/

/

/

[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 Leases and associated City contractual documents.

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: _____
Sean L. Spear
Assistant General Manager

RESIDENTIAL LESSEE

110 South Boyle, L.P., a California Limited Partnership

By: 110 South Boyle MGP LLC, a California limited liability company
its managing general partner

Date:

By: _____ _____
Rick Schroeder
President of Many Mansions

By: 110 South Boyle AGP LLC, a California limited liability company
its administrative general partner

By: _____ Date: MAY 7, 2019
Vanessa Delgado,
Managing Partner of Azure Development, Inc.

COMMERCIAL LESSEE

110 S. Boyle Avenue, LLC, a California limited liability company

By: _____ Date: MAY 7, 2019
Vanessa Delgado
Its Manager

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 Leases and associated City contractual documents.

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____ Date: 5/13/19
Sean L. Spear
Assistant General Manager

RESIDENTIAL LESSEE

110 South Boyle, L.P., a California Limited Partnership

By: 110 South Boyle MGP LLC, a California limited liability company
its managing general partner

By: _____ Date: 5/7/19
Rick Schroeder
President of Many Mansions

By: 110 South Boyle AGP LLC, a California limited liability company
its administrative general partner

By: _____ Date: _____
Vanessa Delgado,
Managing Partner of Azure Development, Inc.

COMMERCIAL LESSEE

110 S. Boyle Avenue, LLC, a California limited liability company

By: _____ Date: _____
Vanessa Delgado,
Its Manager

ATTACHMENT A

110 SOUTH BOYLE AVENUE

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 9, 10 AND 11 OF THE WORKMAN AND HOLLENBECK TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGES 426 AND 427 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 11, CONDEMNED BY THE CITY OF LOS ANGELES FOR WIDENING FIRST STREET, BY DECREE OF CONDEMNATION RECORDED IN BOOK 4427, PAGE 146 OF DEEDS CASE NO. 67319 SUPERIOR COURT.

EXCEPTING ALL OIL, GAS AND OTHER HYDROCARBONS, GEOTHERMAL RESOURCES AS DEFINED IN SECTION 6903 OF THE CALIFORNIA PUBLIC RESOURCES CODE AND ALL OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT WITHIN OR THAT MAY BE PRODUCED FROM SAID REAL PROPERTY.

AND FURTHER EXCEPTING THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO DRILL AND MAINTAIN WELLS OR OTHER WORKS INTO OR THROUGH SAID REAL PROPERTY AND THE ADJOINING STREETS, ROADS AND HIGHWAYS BELOW A DEPTH OF FIVE HUNDRED (500) FEET AND TO PRODUCE, INJECT, STORE AND REMOVE FROM AND THROUGH SUCH WELLS OF WORKS, OIL, GAS, WATER AND OTHER SUBSTANCES OF WHATEVER NATURE, INCLUDING THE RIGHT TO PERFORM BELOW SAID DEPTH ANY AND ALL OPERATIONS DEEMED NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS.

THE RIGHTS HEREINABOVE EXCEPTED DO NOT INCLUDE ANY RIGHT TO USE THE SURFACE OF SAID REAL PROPERTY OR THE FIRST FIVE HUNDRED (500) FEET BELOW SAID SURFACE OR TO CONDUCT ANY OPERATIONS THEREON OR THEREIN, AS RESERVED IN A DEED RECORDED MARCH 22, 1979 AS INSTRUMENT NO. 79-315200 OF OFFICIAL RECORDS.

APN: 5174-018-900

1st and Boyle

Prepared For:	Many Mansions
Prepared By:	California Housing Partnership Corporation
Version:	Feasibility v2.1 - Residential
Revised:	March 25, 2019
File:	/Users/deannabligh/Dropbox (CHPC)/CHPC CLIENTS/Many Mansions/1st and Boyle/Financial Projections/[1st and Boyle - v2.1 Residential.xlsm]Sources

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SOURCES OF FUNDS

PERMANENT

	AMOUNT	TOTAL INT COST		TERM (Yr)	COMMENTS	
Permanent Loan	2,540,000	5.95%		15.00		
MHP	2,142,053	3.00%	1.90%	55.00		
HCID - HHH	9,460,000	3.00%	1.79%	55.00		
Deferred Developer Fee	1,269,626	0.00%				
					Total Currently Paid Developer Fee:	1,671,491
Capital Contributions						
General Partner	0					
Limited Partners	9,394,003				Credit pricing:	$0.96
TOTAL SOURCES	**24,805,682**					
TOTAL PERMANENT USES *(residential)*	**24,805,682**					
Surplus/(Shortfall)	*0*					

CONSTRUCTION

	AMOUNT	INT RATE	TERM (Mo.)	
Tax-Exempt Construction	12,992,206	5.35%	24	
HCID - HHH	7,800,000	3.00%	24	*Reduced to meet 50% test*
Accrued/Deferred Interest -	280,000			
Costs Deferred Until Conversion*	1,524,452			
Deferred Developer Fee	1,269,626			
Capital Contributions				
General Partner	0			
Limited Partners	939,397			
TOTAL SOURCES	**24,805,682**			
TOTAL CONSTR USES *(residential)*	**24,805,682**			
Surplus/(Shortfall)	*0*			

***COSTS DEFERRED UNTIL CONVERSION**

TCAC Monitoring Fee	27,416
Operating Reserve	166,000
Lender Expenses (Perm)	-
Transition Reserve	480,290
Title/Recording/Escrow - Permanent	15,000
Audit/Cost Certification	-
Developer Fee	835,745
TOTAL	1,524,452

DEVELOPER FEE PAYMENT SCHEDULE

LP Admission	$ 417,873
100% Completion	417,873
Permanent Conversion*	685,745
8609	150,000
Deferred into Operations	1,269,626
Total	2,941,117

*** INTEREST RATE STACK**

	Construction	*Permanent*
30-day LIBOR avg (constr) / lender quote (perm	2.500%	2.700%
Bank spread	1.600%	2.250%
cushion	1.250%	1.000%
TOTAL	*5.35%*	*5.95%*

1st and Boyle
Uses of Funds

Version: Feasibility v2.1 - Residential
Revised: March 25, 2019

	TOTAL	100.00% TOTAL RESIDENTIAL	0.00% TOTAL COMMERCIAL	DEPRECIABLE NON-DEPREC	DEPRECIABLE RESIDENTIAL	DEPRECIABLE NON-RES	EXPENSE	AMORTIZE	TAX CREDIT ELIGIBLE CONST/ REHAB	TAX CREDIT ELIGIBLE ACQUIS.
ACQUISITION COSTS										
Land (Value)	0	0	0	0						
Off-site Improvements	0	0	0		0				0	
GENERAL DEVELOPMENT COSTS										
Unit Construction	8,361,369	8,361,369	0	0	8,361,369	0		0	8,361,369	
Site Improvements/Landscape	2,994,989	2,994,989	0	0	2,994,989	0			2,994,989	
Remediation Costs	750,000	750,000	0	0	750,000	0			750,000	
Residential Parking	904,669	904,669			904,669				904,669	
Contractor GR, OH & P - Residential	1,536,231	1,536,231	0	0	1,536,231	0			1,536,231	
Contractor GR, OH & P - Podium and Site	772,713	772,713	0	0	772,713	0			772,713	
P&P Bond+ Insurance - Residential	269,317	269,317	0	0	269,317	0			269,317	
P&P Bond+ Insurance - Podium and Site	135,465	135,465	0		135,465	0			135,465	
Construction Contingency	786,238	786,238	0	0	786,238	0			786,238	
									0	
Local Permits/Fees	269,567	269,567	0		269,567	0			269,567	
Local Development Impact Fees	269,567	269,567	0	0	269,567	0	0		269,567	
Phase I/Asbestos/Toxics	44,928	44,928	0		44,928	0			44,928	
Architecture & Engineering	561,597	561,597	0		561,597	0			561,597	
Survey/Engineering/Soils/Landscape Arch.	191,392	191,392	0		191,392	0	0		191,392	
Appraisal	12,500	12,500	0			0		12,500	0	
Market Study	6,500	6,500	0			0		6,500	0	
Predevelopment Loan Interest + Expenses	0	0	0		0	0			0	
Construction Period Interest	764,600	764,600	0		458,760	0	305,840		458,760	
Construction Period Interest-HCIDLA	280,000	280,000	0		280,000	0	0		280,000	
Title/Recording/Escrow - Construction	50,319	50,319	0		37,739		12,580		37,739	0
Title/Recording/Escrow - Permanent	15,000	15,000	0					15,000	0	
Real Estate Taxes During Construction & Carrying (	33,696	33,696	0		33,696	0			33,696	0
Insurance During Construction	108,141	108,141	0		108,141	0			108,141	0
Soft Cost Contingency	222,337	222,337	0		222,337	0			222,337	
Legal: Acquisition	0	0	0	0	0				0	0
Construction Closing	15,725	15,725	0		15,725	0			15,725	0
Permanent Closing	17,500	17,500	0					17,500	0	
Organization of Partnership	10,000	10,000	0					10,000	0	
Syndication	50,000	50,000	0	50,000					0	
Syndication Consulting	70,000	70,000	0	70,000					0	0
Accounting & Audit/Cost Certification	15,000	15,000	0	15,000	0		0	0	0	
Furnishings	220,000	220,000	0		220,000	0			220,000	
TCAC Application/Monitoring Fee	29,416	29,416	0	29,416			0			
Operating Reserve	166,000	166,000	0	166,000					0	
Transition Reserve	480,290	480,290		480,290						
Marketing Account	50,000	50,000	0				50,000		0	
Construction Testing and Inspections	175,218	175,218	0		131,414		43,805		131,414	
Entitlements	167,131	167,131	0	167,131		0			0	
Prevailing Wage Monitor	35,942	35,942	0		35,942	0			35,942	
Construction Manager	215,653	215,653	0		215,653	0			215,653	
Other Consultants	151,407	151,407	0		151,407	0			151,407	
Utility Fees	224,639	224,639	0		224,639	0			224,639	
Developer Fee	2,941,117	2,941,117	0		2,941,117	0			2,941,117	0
COSTS OF ISSUANCE/FINANCING FEES										
Lender Counsel	55,000	55,000			0			55,000	0	
Bond Counsel	55,000	55,000			0			55,000	0	
Issuer Financial Advisor	35,000	35,000						35,000	0	
Lender Origination Fee (Constr)	129,900	129,900						129,900	0	0
Lender Origination Fee (Perm)	19,100	19,100						19,100	0	
Lender Expenses (Perm)	10,000	10,000			0		0	10,000	0	
Trustee Fee	10,000	10,000						10,000	0	
CDLAC Fees	4,547	4,547						4,547	0	
Issuer Fee	32,481	32,481						32,481	0	
Prepaid Issuer Fee	32,481	32,481						32,481	0	
Issuer Application Fee	6,000	6,000						6,000	0	
Misc Fees (TEFRA, Inducement Reso)	40,000	40,000						40,000	0	
Subtotal - FHA Financing/Costs of Issuance	*429,508*	*429,508*		*0*	*0*	*0*	*0*	*429,508*	*0*	*0*
TOTAL DEVELOPMENT COSTS	**24,805,682**	**24,805,682**	**0**	**977,838**	**22,924,612**	**0**	**412,224**	**491,008**	**22,924,612**	**0**
	563,766									

TCAC DEVELOPER FEE CALCULATION

	Constr	Acq	Total
Maximum Potential TCAC Fee (per limits)	2,500,000	-	2,500,000
Maximum Potential TCAC Fee (per basis)	2,941,117	-	2,941,117
Ratio	100.00%	0.00%	100.00%
Maximum Fee	2,500,000	-	2,500,000
Maximum Fee per HACOLA	-	-	-
Maximum Fee per TCAC Application	-	-	-
High Cost			1,671,491
Less:	-	-	3,508,732
Net Fee (Less other development costs)	1,671,491	-	1,671,491
MAXIMUM FEE	1,671,491	-	1,671,491

AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)	32.51%

	UNIT MIX	UTILITY ALLOWANCES
0 BR	19	$0
1 BR	19	$0
2 BR	6	$0

RESIDENTIAL INCOME

TAX-CREDIT ELIGIBLE - TIER 1: *30%* — *CRA Extremely Low Income (30%)* — **Percentage of Targeted Units:** *30.2%*

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
0 BR	5	401	2,005	21.4%	363	363	1,815	21,780
1 BR	7	540	3,780	22.8%	415	415	2,905	34,860
2 BR	1	793	793	21.4%	467	467	467	5,604
TOTAL	13		6,578				5,187	62,244

TAX-CREDIT ELIGIBLE - TIER 2: *30%* — *CRA Low Income (59%)* — **Percentage of Targeted Units:** *46.5%*

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
0 BR	11	401	4,411	30.0%	509	509	5,599	67,188
1 BR	8	540	4,320	30.0%	545	545	4,360	52,320
2 BR	1	793	793	30.0%	655	655	655	7,860
TOTAL	20		9,524				10,614	127,368

TAX-CREDIT ELIGIBLE - TIER 2: *50%* — *CRA Low Income (80%)* — **Percentage of Targeted Units:** *23.3%*

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
0 BR	3	401	1,203	50.0%	848	848	2,544	30,528
1 BR	4	540	2,160	50.0%	909	909	3,636	43,632
2 BR	3	793	2,379	50.0%	1,091	1,091	3,273	39,276
TOTAL	10		5,742				9,453	113,436

MANAGER UNITS

UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
2 BR	1	793	793	0.0%	0	0	0	0
TOTAL	1		793				0	0

PROJECT BASED VOUCHERS (SECTION 8)

UNIT TYPE	NUMBER	% AMI	PER UNIT TAX CREDIT NET RENT	PER UNIT S8 RENT	PER UNIT MONTHLY S8 INCREMENT	TOTAL MONTHLY S8 INCR.	TOTAL ANNUAL S8 INCR.
0 BR	**5**	**30%**	**363**	**1,273**	**910**	**4,550**	**54,600**
1 BR	**7**	**30%**	**415**	**1,522**	**1,107**	**7,749**	**92,988**
2 BR	**1**	**30%**	**467**	**1,829**	**1,362**	**1,362**	**16,344**
0 BR	**11**	**30%**	509	1,273	**764**	**8,404**	**100,848**
1 BR	**8**	**30%**	545	1,522	**977**	**7,816**	93,792
2 BR	**1**	**30%**	655	1,829	**1,174**	**1,174**	14,088
0 BR	**3**	**50%**	848	1,273	425	1,275	15,300
1 BR	**4**	**50%**	909	1,522	613	2,452	29,424
2 BR	**3**	**50%**	1,091	1,829	738	2,214	26,568
TOTAL	43					36,996	443,952
SECTION 8 INCREMENT						36,996	443,952
TOTAL - BASE RENT PLUS S8 INCREMENT						62,250	747,000

TOTAL RESIDENTIAL INCOME		**TOTAL UNITS**	**TOTAL MONTHLY (Net)**	**TOTAL ANNUAL**
		44	**62,250**	**747,000**
TOTAL SQ FT - TAX CREDIT ELIGIBLE	16,102			
TOTAL SQ FT - NON-TAX CREDIT ELIGIBLE	0			
TOTAL RENTABLE SQ FT	16,102			

MISCELLANEOUS INCOME	PER-UNIT MONTHLY	TOTAL MONTHLY	TOTAL ANNUAL
Laundry + Water submeter	11.17	492	5,900

1st and Boyle

Tax Credit Calculation

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	FEDERAL			CALIFORNIA		
	ACQUIS	CONST/ REHAB	TOTAL	ACQUIS	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	**0**	**22,924,612**	22,924,612	**0**	**0**	0
Less:						
ELIGIBLE BASIS	0	22,812,112	22,924,612	0	0	0
THRESHOLD BASIS LIMIT			*38,242,823*			
REQUESTED ELIGIBLE BASIS	**0**	**22,812,112**	22,812,112	**0**	**0**	0
TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS	0	22,812,112				
HIGH COST ADJUSTMENT (Y/N) Y	100.0%	130.0% QCT: 2377.20		100.0%	100.0%	
ADJUSTED ELIGIBLE BASIS	0	29,655,745	29,655,745	0	0	0
APPLICABLE FRACTION*	100.00%	100.00%		100.00%	100.00%	
QUALIFIED CREDIT BASIS	0	29,655,745	29,655,745	0	0	0
ADJUSTED QUALIFIED CREDIT BASIS	**0**	29,655,745	29,655,745			
CREDIT RATE 0	**3.30%**	**3.30%**		3.30%	**3.30%**	
Year 4 - State				3.10%	3.10%	
MAXIMUM CREDIT AMOUNT PER COSTS						
Federal Annual/Yr 1-3 State	**0**	**978,640**	978,640	**0**	**0**	0
Year 4 - State				**0**	**0**	0
Total				**0**	**0**	0
MAXIMUM ALLOWABLE CREDITS (Lesser of above)						
Federal Annual/Total State	**0**	**978,640**	978,640			0
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			9,786,396			0

1st and Boyle

Base Year Income & Expense

Version: Feasibility v2.1 - Residential
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INCOME		
QUALIFIED UNITS (% AMI)		303,048
Project Based Subsidy Increment		443,952
Misc. Income		5,900
Vacancy Loss	5.0%	(15,447)
Vacancy Loss -Section 8 Increment	5.0%	(22,198)
EFFECTIVE GROSS INCOME		715,255
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	1,500	
Legal	1,300	
Accounting/Audit	12,780	
Security	0	
Misc admin, telephone, bad debts	7,500	
Total Administrative		23,080
Management Fee		34,320
Utilities		
Electricity	16,750	
Gas	1,000	
Total Utilities		17,750
Water/Sewer		31,200
Payroll/Payroll Taxes		
On-Site Manager/Maintenance Payroll	90,000	
Payroll Taxes/Benefits	24,000	
Total Payroll/Payroll Taxes		114,000
Insurance		5,000
Real Estate Taxes		8,234
Maintenance		
Repairs	7,000	
Trash Removal	3,000	
Exterminating	0	
Grounds	11,600	
Janitorial, misc. expenses	14,500	
Total Maintenance		36,100
Replacement Reserve		22,000
Other		
Misc Taxes	3,000	
Resident Services (Supportive Units)	100,000	
Annual Land Lease Rent	10,000	
Total Other		113,000
TOTAL EXPENSES - RESIDENTIAL		404,684
Per Unit Per Year	*9,197*	
Per Unit Per Year (w/o Taxes, Reserves, Services)	*6,238*	
TOTAL EXPENSES - COMMERCIAL		
NET AVAILABLE INCOME		310,571

1st and Boyle

Mortgage Calculation & Bond Ratios

Version: Feasibility v2.1 - Residential
Revised: March 25, 2019

MAXIMUM MORTGAGE CALCULATION

Tax Exempt Perm Loan

Net Operating Income		310,571
DSC		1.15
Available for Debt Service		270,062
Less: Issuer Fee		(4,000)
Less: MHP Mandatory Interest Payment		(8,997)
Net Available for Debt Service		257,065
	Underwriting Constraint	Maximum Loan Amount
Debt Service Coverage	1.150	2,540,000
MAXIMUM MORTGAGE		**2,540,000**

LOAN CONSTANT/TIC CALCULATION

Bond/Loan Rate	5.95000%				
Amor (Yr)	15.00				
Mortgage Insurance Premium	0.00000%				
GNMA/Servicing	0.00000%				
Annual Issuer Fee	0.00000%				
Other Annual Bond Fees	0.00000%				
Amort (P&I)	4.14389%				
Loan Constant	10.09389%				
Imputed Total Interest Cost (TIC)	5.95000%				

Tax-Exempt Financing Ratio

	Aggregate
Tax-Exempt Construction	12,992,206
TOTAL TAX-EXEMPT FINANCING	12,992,206
AGGREGATE BASIS	22,924,612
Percent Tax-Exempt Financing	**56.67%**

1st and Boyle

Threshold Basis Limit Calculation

Version: Feasibility v2.1 - Residential
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County:	Los Angeles
9% or 4% credits:	4%

QUALIFIED UNITS (% AMI)

BASE LIMITS

42369 Unit Type	9%	4%
0 BR	218,001	247,911
1 BR	251,353	285,839
2 BR	303,200	344,800
3 BR	388,096	441,344
4 BR	432,363	491,685

THRESHOLD BASIS LIMIT FOR THIS PROJECT

	# Units	Per Unit Basis Limit	TOTAL
0 BR	19	247,911	4,710,309
1 BR	19	285,839	5,430,941
2 BR	6	344,800	2,068,800
3 BR	0	441,344	0
4 BR	0	491,685	0
	44		12,210,050

Additional Basis Adjustments:

Local Development Impact Fees		269,567
Boost for Prevailing Wage (20%)		2,442,010
Boost for Parking beneath Units(7%)		854,704
Boost for Childcare (2%)		0
Boost for 100% SN (2%)		244,201
Boost for Energy / Resource Efficiency (10%)		0
Toxic/Seismic Abatement Costs		0
Boost for Distrib. Energy (5%)		0
Boost for elevator service (10%)		1,221,005
BONDS: Boost for units betw. 50% & 36% AMI	10	2,686,211
BONDS: Boost for units <= 35% AMI	33	18,315,075

TOTAL THRESHOLD BASIS LIMIT	38,242,823
TOTAL ELIGIBLE BASIS	22,924,612

1st and Boyle

15-Year Cash Flow

ASSUMPTIONS:																	
Rent Increase:	2.50%	Perm Loan - % Debt Svc Yr 1		100.00%													
Expense Increase:	3.50%	Perm Loan - % Debt Svc Yr 2		100.00%													
Reserve Increase:	3.50%	Percent Q.O. In Lease-up Yr		100.00%													
				2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
GROSS POTENTIAL INCOME - RESIDENTIAL				303,048	310,624	318,390	326,350	334,508	342,871	351,443	360,229	369,235	378,465	387,927	397,625	407,566	417,755	428,199
GROSS POTENTIAL INCOME - Section 8				443,952	455,051	466,427	478,088	490,040	502,291	514,848	527,719	540,912	554,435	568,296	582,503	597,066	611,993	627,293
Misc. Income				5,900	6,048	6,199	6,354	6,512	6,675	6,842	7,013	7,189	7,368	7,552	7,741	7,935	8,133	8,337
Vacancy Loss - Residential	5.0%			(15,447)	(15,834)	(16,229)	(16,635)	(17,051)	(17,477)	(17,914)	(18,362)	(18,821)	(19,292)	(19,774)	(20,268)	(20,775)	(21,294)	(21,827)
Vacancy Loss - Section 8 Premium	5.0%			(22,198)	(22,753)	(23,321)	(23,904)	(24,502)	(25,115)	(25,742)	(26,386)	(27,046)	(27,722)	(28,415)	(29,125)	(29,853)	(30,600)	(31,365)
GROSS EFFECTIVE INCOME				715,255	733,136	751,465	770,251	789,508	809,245	829,477	850,213	871,469	893,255	915,587	938,477	961,938	985,987	1,010,637
TOTAL OPERATING EXPENSES				372,684	385,624	399,121	413,091	427,549	442,513	458,001	474,031	490,622	507,794	525,567	543,961	563,000	582,705	603,100
GROUND LEASE - BASE RENT	1.0%			10,000	10,100	10,201	10,303	10,406	10,510	10,615	10,721	10,829	10,937	11,046	11,157	11,268	11,381	11,495
NET OPERATING INCOME				332,571	337,412	342,142	346,858	351,553	356,222	360,860	365,461	370,018	374,525	378,974	383,359	387,670	391,901	396,042
REPLACEMENT RESERVE				22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
NET INCOME AVAILABLE FOR DEBT SERVICE	0			310,571	315,412	320,142	324,858	329,553	334,222	338,860	343,461	348,018	352,525	356,974	361,359	365,670	369,901	374,042
Permanent Loan																		
Principal Balance			2,540,000	2,431,827	2,317,039	2,195,231	2,065,976	1,928,816	1,783,269	1,628,821	1,464,930	1,291,016	1,106,468	910,635	702,826	482,310	248,310	0
Debt Service				256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385
Annual Issuer Fee			0.000%	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Principal				108,173	114,788	121,807	129,256	137,160	145,547	154,447	163,892	173,914	184,548	195,833	207,809	220,516	234,000	248,310
Interest				148,212	141,597	134,578	127,129	119,225	110,838	101,938	92,493	82,471	71,837	60,552	48,576	35,869	22,384	8,075
TOTAL DEBT SERVICE				260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385
NET CASH FLOW				41,189	46,030	50,761	55,476	60,171	64,841	69,479	74,080	78,637	83,143	87,593	91,977	96,289	100,519	104,661
Debt Service Coverage Ratio				1.15	1.17	1.19	1.21	1.22	1.24	1.26	1.27	1.29	1.31	1.33	1.34	1.36	1.37	1.39
DISTRIBUTION OF CASH FLOW																		
Investor Services Fee			5,000	5,682	5,852	6,028	6,209	6,395	6,587	6,784	6,988	7,198	7,413	7,636	7,865	8,101	8,344	8,594
GP Partnership Management Fee - Current			20,000	22,727	23,409	24,111	24,835	25,580	26,347	27,138	27,952	28,790	29,654	30,544	31,460	32,404	33,376	34,377
Deferred Developer Fee	1,269,626			12,780	16,769	20,622	24,433	28,197	31,907	35,557	39,140	42,649	46,076	49,413	52,652	55,784	58,800	61,689
MHP	9.23%			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HCID - HHH	40.77%			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Distribution				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Partner				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1st and Boyle

15-Year Cash Flow

ASSUMPTIONS:																	
Rent Increase:	2.50%	Perm Loan - % Debt Svc Yr 1	100.00%														
Expense Increase:	3.50%	Perm Loan - % Debt Svc Yr 2	100.00%														
Reserve Increase:	3.50%	Percent Q.O. In Lease-up Yr	100.00%														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
GROSS POTENTIAL INCOME - RESIDENTIAL			303,048	310,624	318,390	326,350	334,508	342,871	351,443	360,229	369,235	378,465	387,927	397,625	407,566	417,755	428,199
GROSS POTENTIAL INCOME - Section 8			443,952	455,051	466,427	478,088	490,040	502,291	514,848	527,719	540,912	554,435	568,296	582,503	597,066	611,993	627,293
Misc. Income			5,900	6,048	6,199	6,354	6,512	6,675	6,842	7,013	7,189	7,368	7,552	7,741	7,935	8,133	8,337
Vacancy Loss - Residential	5.0%		(15,447)	(15,834)	(16,229)	(16,635)	(17,051)	(17,477)	(17,914)	(18,362)	(18,821)	(19,292)	(19,774)	(20,268)	(20,775)	(21,294)	(21,827)
Vacancy Loss - Section 8 Premium	5.0%		(22,198)	(22,753)	(23,321)	(23,904)	(24,502)	(25,115)	(25,742)	(26,386)	(27,046)	(27,722)	(28,415)	(29,125)	(29,853)	(30,600)	(31,365)
GROSS EFFECTIVE INCOME			715,255	733,136	751,465	770,251	789,508	809,245	829,477	850,213	871,469	893,255	915,587	938,477	961,938	985,987	1,010,637
TOTAL OPERATING EXPENSES			372,684	385,624	399,121	413,091	427,549	442,513	458,001	474,031	490,622	507,794	525,567	543,961	563,000	582,705	603,100
GROUND LEASE - BASE RENT	1.0%		10,000	10,100	10,201	10,303	10,406	10,510	10,615	10,721	10,829	10,937	11,046	11,157	11,268	11,381	11,495
NET OPERATING INCOME			332,571	337,412	342,142	346,858	351,553	356,222	360,860	365,461	370,018	374,525	378,974	383,359	387,670	391,901	396,042
REPLACEMENT RESERVE			22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
NET INCOME AVAILABLE FOR DEBT SERVICE			310,571	315,412	320,142	324,858	329,553	334,222	338,860	343,461	348,018	352,525	356,974	361,359	365,670	369,901	374,042
	0																
Permanent Loan																	
Principal Balance		2,540,000	2,431,827	2,317,039	2,195,231	2,065,976	1,928,816	1,783,269	1,628,821	1,464,930	1,291,016	1,106,468	910,635	702,826	482,310	248,310	0
Debt Service			256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385	256,385
Annual Issuer Fee		0.000%	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Principal			108,173	114,788	121,807	129,256	137,160	145,547	154,447	163,892	173,914	184,548	195,833	207,809	220,516	234,000	248,310
Interest			148,212	141,597	134,578	127,129	119,225	110,838	101,938	92,493	82,471	71,837	60,552	48,576	35,869	22,384	8,075
TOTAL DEBT SERVICE			260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385	260,385
NET CASH FLOW			41,189	46,030	50,761	55,476	60,171	64,841	69,479	74,080	78,637	83,143	87,593	91,977	96,289	100,519	104,661
Debt Service Coverage Ratio			1.15	1.17	1.19	1.21	1.22	1.24	1.26	1.27	1.29	1.31	1.33	1.34	1.36	1.37	1.39
DISTRIBUTION OF CASH FLOW																	
Investor Services Fee		5,000	5,682	5,852	6,028	6,209	6,395	6,587	6,784	6,988	7,198	7,413	7,636	7,865	8,101	8,344	8,594
GP Partnership Management Fee - Current		20,000	22,727	23,409	24,111	24,835	25,580	26,347	27,138	27,952	28,790	29,654	30,544	31,460	32,404	33,376	34,377
Deferred Developer Fee	*1,269,626*		12,780	16,769	20,622	24,433	28,197	31,907	35,557	39,140	42,649	46,076	49,413	52,652	55,784	58,800	61,689
MHP	*9.23%*		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HCID - HHH	*40.77%*		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Partner		90.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner		10.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1st and Boyle

15-Year Cash Flow

Revised: 27-Mar-19

ASSUMPTIONS:																
Rent Increase:	2.50%															
Expense Increase:	3.50%															
Reserve Increase:	3.50%															
		16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
GROSS POTENTIAL INCOME - RESIDENTIAL		438,904	449,876	461,123	472,651	484,468	496,579	508,994	521,719	534,762	548,131	561,834	575,880	590,277	605,034	620,160
GROSS POTENTIAL INCOME - Section 8		642,975	659,049	675,525	692,414	709,724	727,467	745,654	764,295	783,402	802,988	823,062	843,639	864,730	886,348	908,507
Misc. Income		8,545	8,759	8,978	9,202	9,432	9,668	9,910	10,157	10,411	10,671	10,938	11,212	11,492	11,779	12,074
Vacancy Loss - Residential	5.0%	(22,372)	(22,932)	(23,505)	(24,093)	(24,695)	(25,312)	(25,945)	(26,594)	(27,259)	(27,940)	(28,639)	(29,355)	(30,088)	(30,841)	(31,612)
Vacancy Loss - Section 8 Premium	5.0%	(32,149)	(32,952)	(33,776)	(34,621)	(35,486)	(36,373)	(37,283)	(38,215)	(39,170)	(40,149)	(41,153)	(42,182)	(43,236)	(44,317)	(45,425)
GROSS EFFECTIVE INCOME		1,035,903	1,061,800	1,088,345	1,115,554	1,143,443	1,172,029	1,201,329	1,231,363	1,262,147	1,293,700	1,326,043	1,359,194	1,393,174	1,428,003	1,463,703
TOTAL OPERATING EXPENSES		624,208	646,055	668,667	692,071	716,293	741,363	767,311	794,167	821,963	850,732	880,507	911,325	943,221	976,234	1,010,402
GROUND LEASE - BASE RENT	1.0%	11,495	11,495	11,495	11,495	11,495										
NET OPERATING INCOME		400,200	404,250	408,183	411,988	415,655	430,665	434,018	437,195	440,184	442,969	445,536	447,869	449,952	451,769	453,301
REPLACEMENT RESERVE		22,770	25,047	25,047	25,047	25,047	27,552	27,552	27,552	27,552	30,307	30,307	30,307	30,307	33,338	33,338
NET INCOME AVAILABLE FOR DEBT SERVICE		377,430	379,203	383,136	386,941	390,608	403,113	406,466	409,644	412,632	412,662	415,229	417,562	419,645	418,431	419,963
	0															
Permanent Loan																
Principal Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Issuer Fee																
Principal		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		377,430	379,203	383,136	386,941	390,608	403,113	406,466	409,644	412,632	412,662	415,229	417,562	419,645	418,431	419,963
Debt Service Coverage Ratio																
DISTRIBUTION OF CASH FLOW																
Investor Services Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Partnership Management Fee - Current		35,408	36,471	37,565	38,692	39,852	41,048	42,279	43,548	44,854	46,200	47,586	49,013	50,484	51,998	53,558
Deferred Developer Fee	*1,269,626*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHP	*9.23%*	31,573	31,639	31,901	32,148	32,379	33,424	33,619	33,796	33,951	33,829	33,938	34,022	34,079	33,827	33,824
HCID - HHH	*40.77%*	139,437	139,727	140,885	141,977	142,998	147,609	148,474	149,252	149,938	149,402	149,883	150,252	150,502	149,390	149,378
General Partner		182,325	182,704	184,218	185,646	186,981	193,011	194,142	195,159	196,056	195,354	195,984	196,467	196,793	195,339	195,324
Limited Partner		20,258	20,300	20,469	20,627	20,776	21,446	21,571	21,684	21,784	21,706	21,776	21,830	21,866	21,704	21,703

1st and Boyle
15-Year Cash Flow

ASSUMPTIONS:

Rent Increase:	2.50%
Expense Increase:	3.50%
Reserve Increase:	3.50%

		31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
		2050	**2051**	**2052**	**2053**	**2054**	**2055**	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**
GROSS POTENTIAL INCOME - RESIDENTIAL		635,664	651,555	667,844	684,540	701,654	719,195	737,175	755,604	774,494	793,857	813,703	834,046	854,897	876,269	898,176
GROSS POTENTIAL INCOME - Section 8		931,219	954,500	978,362	1,002,821	1,027,892	1,053,589	1,079,929	1,106,927	1,134,600	1,162,965	1,192,039	1,221,840	1,252,386	1,283,696	1,315,789
Misc. Income		12,376	12,685	13,002	13,327	13,660	14,002	14,352	14,711	15,079	15,455	15,842	16,238	16,644	17,060	17,486
Vacancy Loss - Residential	5.0%	(32,402)	(33,212)	(34,042)	(34,893)	(35,766)	(36,660)	(37,576)	(38,516)	(39,479)	(40,466)	(41,477)	(42,514)	(43,577)	(44,666)	(45,783)
Vacancy Loss - Section 8 Premium	5.0%	(46,561)	(47,725)	(48,918)	(50,141)	(51,395)	(52,679)	(53,996)	(55,346)	(56,730)	(58,148)	(59,602)	(61,092)	(62,619)	(64,185)	(65,789)
GROSS EFFECTIVE INCOME		1,500,296	1,537,803	1,576,248	1,615,654	1,656,046	1,697,447	1,739,883	1,783,380	1,827,965	1,873,664	1,920,505	1,968,518	2,017,731	2,068,174	2,119,879
TOTAL OPERATING EXPENSES		1,045,766	1,082,368	1,120,251	1,159,460	1,200,041	1,242,042	1,285,514	1,330,507	1,377,075	1,425,272	1,475,157	1,526,787	1,580,225	1,635,533	1,692,776
GROUND LEASE - BASE RENT	1.0%															
NET OPERATING INCOME		454,529	455,435	455,997	456,194	456,005	455,404	454,369	452,873	450,890	448,391	445,349	441,731	437,506	432,641	427,102
REPLACEMENT RESERVE		33,338	33,338	36,671	36,671	36,671	36,671	40,338	40,338	40,338	40,338	44,372	44,372	44,372	44,372	48,810
NET INCOME AVAILABLE FOR DEBT SERVICE	0	421,192	422,097	419,326	419,523	419,333	418,733	414,031	412,535	410,552	408,053	400,976	397,358	393,134	388,269	378,293
Permanent Loan																
Principal Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Issuer Fee																
Principal		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		421,192	422,097	419,326	419,523	419,333	418,733	414,031	412,535	410,552	408,053	400,976	397,358	393,134	388,269	378,293
Debt Service Coverage Ratio																
DISTRIBUTION OF CASH FLOW																
Investor Services Fee																
GP Partnership Management Fee - Current		55,165	56,820	58,525	60,280	62,089	63,951	65,870	67,846	69,881	71,978	74,137	76,361	78,652	81,012	83,442
Deferred Developer Fee	*1,269,626*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHP	*9.23%*	33,789	33,720	33,307	33,163	32,979	32,751	32,140	31,819	31,448	31,024	30,172	29,632	29,031	28,364	27,219
HCID - HHH	*40.77%*	149,224	148,919	147,094	146,458	145,644	144,640	141,940	140,525	138,887	137,013	133,248	130,866	128,210	125,265	120,207
General Partner		195,122	194,723	192,337	191,506	190,441	189,128	185,598	183,747	181,605	179,156	174,232	171,118	167,645	163,793	157,180
Limited Partner		21,680	21,636	21,371	21,278	21,160	21,014	20,622	20,416	20,178	19,906	19,359	19,013	18,627	18,199	17,464

1st and Boyle
15-Year Cash Flow

ASSUMPTIONS:											
Rent Increase:	2.50%										
Expense Increase:	3.50%										
Reserve Increase:	3.50%										
		46	47	48	49	50	51	52	53	54	55
		2065	2066	2067	2068	2069	2070	2071	2072	2073	2074
GROSS POTENTIAL INCOME - RESIDENTIAL		920,631	943,646	967,237	991,418	1,016,204	1,041,609	1,067,649	1,094,340	1,121,699	1,149,741
GROSS POTENTIAL INCOME - Section 8		1,348,683	1,382,400	1,416,960	1,452,384	1,488,694	1,525,911	1,564,059	1,603,161	1,643,240	1,684,321
Misc. Income		17,924	18,372	18,831	19,302	19,784	20,279	20,786	21,306	21,838	22,384
Vacancy Loss - Residential	5.0%	(46,928)	(48,101)	(49,303)	(50,536)	(51,799)	(53,094)	(54,422)	(55,782)	(57,177)	(58,606)
Vacancy Loss - Section 8 Premium	5.0%	(67,434)	(69,120)	(70,848)	(72,619)	(74,435)	(76,296)	(78,203)	(80,158)	(82,162)	(84,216)
GROSS EFFECTIVE INCOME		2,172,876	2,227,197	2,282,877	2,339,949	2,398,448	2,458,409	2,519,869	2,582,866	2,647,438	2,713,624
TOTAL OPERATING EXPENSES		1,752,024	1,813,344	1,876,811	1,942,500	2,010,487	2,080,854	2,153,684	2,229,063	2,307,080	2,387,828
GROUND LEASE - BASE RENT	1.0%										
NET OPERATING INCOME		420,852	413,853	406,066	397,449	387,961	377,555	366,185	353,803	340,357	325,795
REPLACEMENT RESERVE		48,810	48,810	48,810	53,690	53,690	53,690	53,690	59,060	59,060	59,060
NET INCOME AVAILABLE FOR DEBT SERVICE		372,042	365,043	357,256	343,759	334,270	323,864	312,495	294,743	281,298	266,736
	0										
Permanent Loan											
Principal Balance		0	0	0	0	0	0	0	0	0	0
Debt Service		0	0	0	0	0	0	0	0	0	0
Annual Issuer Fee											
Principal		0	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE		0	0	0	0	0	0	0	0	0	0
NET CASH FLOW		372,042	365,043	357,256	343,759	334,270	323,864	312,495	294,743	281,298	266,736
Debt Service Coverage Ratio											
DISTRIBUTION OF CASH FLOW											
Investor Services Fee											
GP Partnership Management Fee - Current		85,945	88,524	91,179	93,915	96,732	99,634	102,623	105,702	108,873	112,139
Deferred Developer Fee	*1,269,626*	0	0	0	0	0	0	0	0	0	0
MHP	*9.23%*	26,411	25,527	24,563	23,064	21,928	20,699	19,374	17,451	15,917	14,271
HCID - HHH	*40.77%*	116,638	112,733	108,476	101,858	96,841	91,416	85,562	77,070	70,295	63,027
General Partner		152,513	147,408	141,841	133,187	126,627	119,533	111,879	100,775	91,917	82,413
Limited Partner		16,946	16,379	15,760	14,799	14,070	13,281	12,431	11,197	10,213	9,157

La Guadalupe Mixed Use Project
110 South Boyle, Boyle Heights, Los Angeles, CA

RETAIL ONLY PROFORMA NARRATIVE

USES - HARD AND SOFT COST

- Includes the prorated share for the hard costs related to the construction of the ground floor retail shell of $1,165,027.

- Includes the cost of the retail parking or seventeen (17) parking stalls of $641,000.

- Includes the prorated and applicable soft costs of the entire project of $395,563.

- This proforma includes the build-out of the ground floor shell into a vanilla standard which includes restrooms, t-bar, electrical, HVAC and duct work extension. It also includes a commercially reasonable tenant improvement allowance that is paid to tenants upon opening. The costs assume prevailing and union wages.

- Soft costs included in this proforma are required for tenant specific design development, lease commissions, construction loan and other costs as detailed on the included files.

- All costs related to financing and NMTC are included in this proforma.

SOURCES DETAIL

- The La Guadalupe project assumes the use of New Market Tax Credit financing, Metro Transit Oriented Communities Loan Program, Section 108 loans, traditional construction financing and equity.

- Kyle Walton of Classic Lake Consulting has been engaged to procure the New Market Tax Credits and loan. Kyle has extensive experience working on projects in the City of Los Angeles.

La Guadalupe Mixed Use Project
110 South Boyle, Boyle Heights, Los Angeles, CA

RETAIL ONLY PROFORMA NARRATIVE

- Developer Equity will be sourced by Azure Development. Azure has established relationships with investors and institutional lenders that will be used to fund this project. Azure has recently funded several development projects with private equity and has over $100 million of projects in development.

PROJECTED RENT AND RETAIL EXPERIENCE

- The projected rents used in the proforma are market for a new project in Boyle Heights, with a commercially reasonable tenant improvement allowance and a tenant buildout standard for the industry.

  Azure Development principals are trained retail development experts having executed 3 million square feet of tenant spaces. Azure is currently working on over a dozen projects that include retail.

  Many traditional affordable housing teams do not approach retail with commercially acceptable standards of parking, loading, knowledge of tenant conditions and tenant relationships that our team possesses. The intention is for the retail scope to open and operate at the same time as the housing.

  We cannot speak to the level of experience or method of leasing the adjacent Boyle Hotel followed and cannot venture to guess as to why it sat vacant. ELACC has hired our team, in 2018, as a retail consultant to advise on how to design its project Cielito Lindo and Nuevo Amanecer for successful retail. We were able to provide direction for Nuevo Amanecer in East Los Angeles as they brought us in during the design phase. We were able to provide direction to the Architect to create spaces that will be acceptable to tenants. Azure was not able to adjust the ground floor retail of Cielito Lindo in the City of Los Angeles as the space was already built and was not suitable for retail tenants to come in and accept the space as is. Azure gave

RETAIL ONLY PROFORMA NARRATIVE

a recommendation to ELACC to improve the ground-floor but it was noted that the space was not likely to get leased to a national credit tenant as is since it was not designed with commercially accepted standards or parking. Azure is using all 20+ years of experience for the successful development of the retail space at La Guadalupe and is very comfortable that the retail will be viable.

La Guadalupe Mixed Use Project (Retail Only)
PRELIMINARY PRO FORMA
March 25, 2019

We are building 7,500 Sq Ft of Shells

7,500 GLA
7,500 Land Sq ft
20.5% FAR Commercial

	SQ FT	Base Rent PSF	Annual Base Rent PSF	Tenant Standard	TI Allowances	Vanilla Shell	Vanilla Shell Cost	Tenant Standards	TI Allowances	Annual Base Rent
Commercial 1 (Retail)	3,200	$ 2.50	$ 30.00	$ 14	$ 25	$ 42	$ 134,400	$ 44,800	$ 80,000	$ 96,000
Commercial 2 (Food-Retail)	2,100	$ 2.35	$ 28.20	$ 15	$ 25	$ 42	$ 88,200	$ 31,500	$ 52,500	$ 59,220
Commercial 3 (Food-Retail)	2,200	$ 2.50	$ 30.00	$ 15	$ 25	$ 42	$ 92,400	$ 33,000	$ 55,000	$ 66,000
						TOTALS	$ 315,000	$ 109,300	$ 187,500	$ 221,220

Hard Costs (excluding land)	$ 2,765,980					$ 368.80	psf of GLA
Soft Costs	$ 2,522,779					$ 336.37	psf of GLA
Lease from Master Developer	$ 1					-	
Grand Total	$ 5,288,760					705.17	*total costs + land/bldg*

					Per Month Billing	Annual Increases
Base Rent	$ 221,220					
NNN Reimbursements	122,955			Property Taxes	$0.427	2.5%
Gross Income	344,175			Property Manager	$0.556	2.5%
NNN Expenses	122,955			Insurance	$0.100	2.5%
Management Fees	-	included in NNN		Security Guard	$0.100	2.5%
Unrecoverable Expenses	17,209	5%	of PGI	CAMS	$0.184	2.5%
NOI	$ 204,011			Total	**$1.366**	

Estimated Assessed Value	$2,953,481			Annual Prop Tax	$38,395
Estimated Stabilized Value	$3,400,187	6%	Exit Cap		
Estimated Stabilized Yield on Cost (net of land)	3.86%				
Required Yield on Cost	8.00%				
Supportable Investment	$ 2,550,140				
SOURCES COMMERCIAL ONLY					
NMTC Note A Loan (Traditional Debt)	$ 2,894,917				
NMTC Note A Loan (Section 108 CDBG)	$ 525,583				
NMTC Note B Grant	$ 1,579,500				
Metro Grant	$ 288,760				
Developer Equity	$ -				
TOTAL	$ 5,288,760				
USES COMMERCIAL ONLY					
Hard Cost Commercial Only	$ 2,765,980				
Soft Cost Commercial Only	$ 2,522,779				
Land Cost Commercial Only	$ 1				
TOTAL	$ 5,288,760				

La Guadalupe Mixed-Use Project (Retail Only)
PRELIMINARY PRO FORMA
COST BREAKDOWN BUDGET
Monday, March 25, 2019

HARD COST - BREAKDOWN	CONSTRUCTION	
Land Cost	$ 1	*NA*
Construction Contract - Onsite #1	$ 76,000	*Grease Interceptor*
Construction Contract - Offsites #1	$ -	*NA*
Construction Contract - Shell #1	$ 1,165,027	*Prorata Share of Project*
Construction Contract - Vanilla Shell #1	$ 315,000	*See Proforma*
Construction Contract - Parking	$ 641,000	*Retail Only Parking*
Tenant Improvement Allowance	$ 187,500	*See Proforma*
Site Const - Demolition	$ -	*NA*
Furnishings - Artwork	$ 49,000	*For commercial furnishing*
Spec Const - Primary Pylon Sign	$ 81,000	*For commercial blade signs and tenant signs*
Contingency (Hard)	$ 251,453	10%
TOTAL	**$ 2,765,981**	

SOFT COST - DEVELOPMENT	CONSTRUCTION	
Architectural & MEP	$ 76,000	*TI Only*
Mitigation, Permits & Fees	$ 32,000	*TI Only*
Marketing and Community Outreach	$ 35,000	*Commercial Only*
Signage	$ 12,000	*Commercial Only*
Legal - Developer	$ 34,000	*Commercial Only*
Legal - Leasing	$ 35,000	*Commercial Only*
Deputy & Field Inspection	$ 24,000	*TI Only*
Utility Connection Fees	$ 48,000	*TI Only*
Property Taxes	$ -	*NA*
Delivery/Copies and Blueprinting	$ 7,200	*Commercial Only*
Administration Fees	$ 12,000	*Commercial Ony*
Accounting	$ 24,680	*Commercial Only*
Insurance	$ 45,000	*Commercial Only*
Loan Closing Cost	$ 68,410	2%
Loan Fees	$ 68,410	2%
NMTC Closing & Compliance	$ 835,000	
Interest Construction Loan #1	$ 312,282	*Estimate*
Lease Commission	$ 134,944	*See Leasing Comm Tab*
Prorata Share of Master Development Soft Costs	$ 395,563	*Prorata Share of Project*
Construction Manager/Owner's Rep	$ 145,000	*Commercial Oversight Only*
Contingency (Soft)	$ 178,290	10%
TOTAL	**$ 2,522,779**	

Hard Costs	$ 2,765,981
Soft Costs	$ 2,522,779
Total Development Budget	**$ 5,288,760**

Loan Summaries		
Construction Loan		
	Amount:	$ 3,420,500
	Rate:	6.0%

La Guadalupe Mixed Use Project (Retail Only)
PRELIMINARY PRO FORMA
Leasing Commissions
March 25, 2019

Tenant Space	SQ FT	Base Rent PSF	Per Month	Ten Year	Commission Due	Comments
Commercial 1 (Retail)	3,200	$2.50	$ 8,000	$ 960,000	$ 58,560	
Commercial 2 (Food-Retail)	2,100	$2.35	$ 4,935	$ 592,200	$ 36,124	
Commercial 3 (Food-Retail)	2,200	$2.50	$ 5,500	$ 660,000	$ 40,260	
TOTAL	7,500	$2.45	$ 18,435	$ 2,212,200	**$ 134,944**	

	TENANT	SQ. FT. P/LEASE	TERM	RENT $PSF	ANNUAL RENT	YEARS	APP TERM RENT	% DUE	TOTAL COMMISSION	PAID	DUE
1	Commercial 1 (Retail)	3,200	10	$2.50	$30.00	1-5	$480,000.00	8%	$38,400.00		
					$31.50	5-10	$504,000.00	4%	$20,160.00		
								TOTAL:	**$58,560.00**		$58,560.00
2	Commercial 2 (Food-Retail)	2,100	10	$2.35	$28.20	1-5	$296,100.00	8%	$23,688.00		
					$29.61	5-10	$310,905.00	4%	$12,436.20		
								TOTAL:	**$36,124.20**		$36,124.20
3	Commercial 3 (Food-Retail)	2,200	10	$2.50	$30.00	1-5	$330,000.00	8%	$26,400.00		
					$31.50	5-10	$346,500.00	4%	$13,860.00		
								TOTAL:	**$40,260.00**		$40,260.00
	TOTAL	7,500							**$134,944.20**		**$134,944.20**

La Guadalupe Mixed Use Project (Retail Only)
FULL TIME EQUIVALENT JOBS SUMMARY
March 25, 2019

RETAIL SPACE	SQ FT	FTE EMPLOYEES
Commercial 1 (Retail)	3,200	4
Commercial 2 (Food-Retail)	2,100	5
Commercial 3 (Food-Retail)	2,200	6
TOTAL	**7,500**	**15**

EDA Loan Eligible	$	-	TOO SMALL
Section 108 Loan Possible	$	525,583	YES

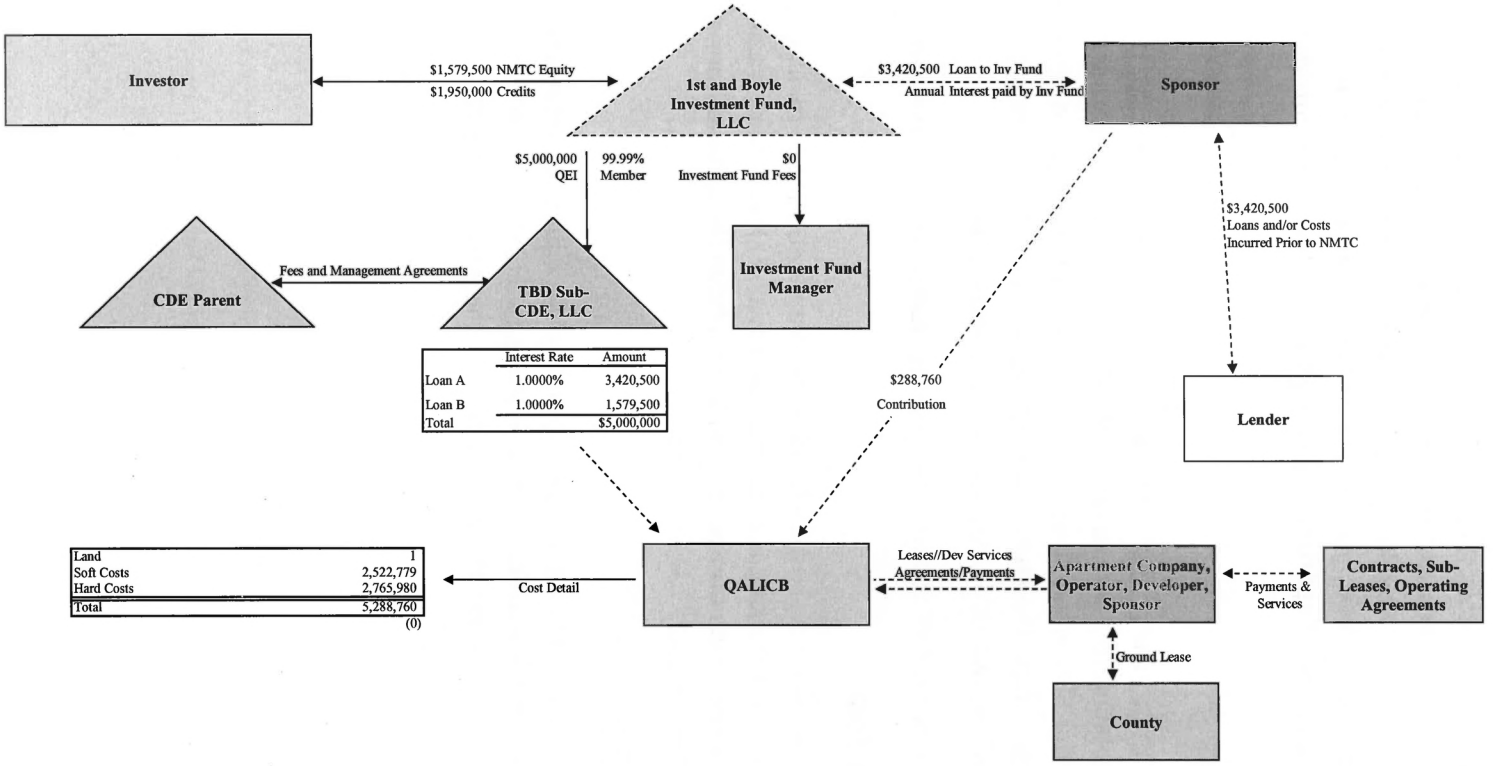
AZURE DEVELOPMENT
1st and Boyle Mixed Use Project
NEW MARKET TAX CREDIT SIZING MODEL

	PROJECT COMPONENT		TOTAL PROJECT COST		NMTC ELIGIBLE EXPENSE
1	Land	$	1	$	0
2	Soft Costs	$	2,522,779	$	2,522,779
3	Hard Costs	$	2,765,980	$	2,765,980
	TOTAL COSTS	**$**	**5,288,760**	**$**	**5,288,759**
	NMTC Note A Loan Size	$	3,420,500		
	NMTC Note B Equity	$	1,579,500	$	1,579,500

NMTC Assumptions	
Allocation	5,000,000
Pricing	0.81
Gross Subsidy	1,579,500
Expense Estimates (Assuming $6M NMTC)	
Gross Subsidy	1,579,500
NMTC Closing Costs (legal, advisory, title, etc.)	(290,000)
NMTC Investor and CDE Fees (Closing, Ongoing,	(375,000)
NMTC Expense Reserve (Audits, Taxes and Comp	(170,000)
Net Federal Subsidy to Project	744,500

Expense and Fee Assumptions		
3rd Party Expenses	Total	Payment Schedule and Notes
QALICB Legal	60,000.00	TBD
CDE Legal	60,000.00	TBD
Investor and Lender Legal	75,000.00	TBD
MISC. NMTC Related Costs & Fees	20,000.00	Plan & Cost Review, Impact Report, Title Reports, etc.
Accounting/Financial Model	25,000.00	Novogradac/Reznick
Classic Lake Advisory Fee	50,000.00	NMTC Advisory Fee
Total 3rd Party Closing Expenses	290,000.00	Third Party Closing Expenses
CDE & QALICB Fees		
Inv.Fund Mgmt. + Audit Fee (Reserve)		Could be $20K Annually
Sub Allocation Fee	-	0% at close
CDE Closing Fees	200,000.00	4% at close
Audit/Tax & Put (Reserve)	170,000.00	CDE (8 yr.), QALICB (3 yr.), & Put (reserved, paid annually &
Asset Management Fee (Reserve)	175,000.00	3.5% of QEI over 7 years (reserved and paid quarterly)
Total Expenses	835,000.00	Total Expenses and Fees

La Guadalupe Mixed-Use Project (1st and Boyle)
Sample Flow of Funds



AZURE
DEVELOPMENT

1st and Boyle Mixed-Use
Project Description

Site Size

The project site encompasses three (3) lots totaling approximately 14,600 square feet or .34 acres at the southeast corner of 1st Street and Boyle Avenue in the community of Boyle Heights in the City of Los Angeles. The site is surrounded by existing mixed-use buildings that house commercial retail and restaurants on the ground floor as well as residential units on the above floors, apartment buildings and a commercial corridor.

Unit Mix and Sizes

The proposed mixed-use project will feature up to three (3) commercial tenants on the ground floor totaling to 7,500 square feet. The four stories above the retail will have a total of forty-four (44) units: nineteen (19) studios, nineteen (19) one-bedrooms and six (6) two-bedroom units. The studios are 401 square feet, the one-bedroom units are 540 square feet and the two-bedroom units are 793 square feet.

The official unit mix is 43% studios, 43% one-bedrooms and 14% two-bedrooms.

Gross Building Area

The proposed project is a six-story building with a subterranean parking lot and five (5) stories above ground. Parking is contained over two (2) levels, with retail on the ground floor and residential units on the four (4) levels above the ground floor retail. The total gross building area is 60,157 square feet.

Construction Type

The project is proposed to be a Type-V construction with the subterranean and ground floor levels being made from concrete and levels two (2) through five (5) will be metal or wood studs. This allows for the open space on the podium and the most flexibility for residential unit sizes.

AZURE
DEVELOPMENT

1st and Boyle Mixed-Use
Project Description

Parking Type and Number of Spaces

The proposed development will have two levels of parking: the subterranean level will have thirteen (13) standard parking spaces, two (2) ADA stalls, eleven (11) compact spaces and eight (8) tandem spaces. The ground floor parking lot will have nine (9) standard parking stalls and two (2) ADA stalls. The ground floor parking will be solely for commercial use and the subterranean lot will be for residential and employee parking. The project will have forty-five (45) parking spaces in total. The residential units will be parked at half (.5) a stall per unit and the commercial spaces will be parked at 3 stalls per every 1,000 square feet.

Amenities

The project will have a 1,137-square foot community room that can be used for workshops and meetings. The proposed open space is split between different floors for a total of 5,469-sqaure feet and will be shared by all residents. The outdoor spaces will have lawn tables and chairs, umbrellas and grills that will be shared. These spaces will have views of Downtown, Mariachi Plaza and will have landscaping.

Prepared on November 10, 2017

1st & Boyle

- 44 AFFORDABLE APARTMENTS -
MIXED USE DEVELOPMENT
110 S. BOYLE AVE
LOS ANGELES, CA 90033



AZURE DEVELOPMENT

PROJECT RENDERING - VIEW: CORNER OF 1ST & BOYLE

OWNER

NAME: AZURE DEVELOPMENT
CONTACT: EVETTE GONZALEZ
ADDRESS: 6055 E. WASHINGTON BLVD, SUITE 495 COMMERCE, CA 91040
PHONE: 323.477.1160
FAX:
E-MAIL: EVETTE@AZUREDEVELOPMENTCO.COM
WEB SITE:

ARCHITECT

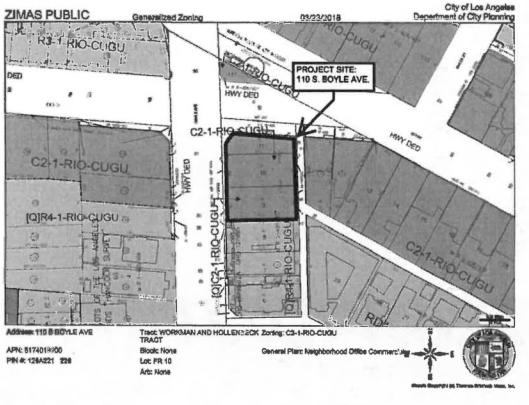
NAME: YM ARCHITECTS
CONTACT: KEVIN MAFFRIS, AIA
RYAN YANGITA
ADDRESS: 724 S. SPRING ST #304 LOS ANGELES, CA 90014
PHONE: (213) 623-2107
FAX: (213) 623-2108
E-MAIL: KMAFFRIS@YMARCH.COM
RYANGITA@YMARCH.COM
WEB SITE: WWW.YMARCH.COM

ENTITLEMENT CONSULTANT

NAME: SHEPPARD MULLIN
CONTACT: REUBEN DUARTE
ADDRESS: 333 SOUTH HOPE STREET, 43RD FLOOR LOS ANGELES, CA 90071
PHONE: 213.620.1780
FAX:
E-MAIL: RDUARTE@SHEPPARDMULLIN.COM
WEB SITE: WWW.SHEPPARDMULLIN.COM

SHEET INDEX

ARCHITECTURAL	
A-001	TITLE SHEET, SHEET INDEX, VICINITY MAP, PROJECT RENDERING
A-002	ALTA SURVEY
A-003	SITE PLAN
A-004	SUBTERRANEAN PARKING
A-005	GROUND LEVEL FLOOR PLAN
A-006	SECOND LEVEL FLOOR PLAN
A-007	THIRD LEVEL FLOOR PLAN
A-008	FOURTH LEVEL FLOOR PLAN
A-009	FIFTH FLOOR
A-010	ROOF PLAN
A-011	UNIT PLANS
A-012	BUILDING SECTIONS
A-013	EXTERIOR ELEVATIONS
A-014	EXTERIOR ELEVATIONS
L-1	LANDSCAPE PLAN
L-2	LANDSCAPE PLAN



SITE ADDRESS:
110 S. BOYLE AVE.
100-114 S. BOYLE AVE
1800 1ST STREET
LOS ANGELES, CA 90021

APN:
5174018900

LEGAL DESCRIPTION:
TRACT: WORKMAN AND HOLLENBECK
MAP: MR 5-426/427
BLOCK: NONE
LOT: FR9, FR10, FR11
ARB: NONE

SITE AREA:
EXISTING BASE LOT AREA:
14,600 SF / 0.34 ACRES
1,157 SF (HALF THE ALLEY)
15,757 SF (SITE AREA + HALF THE ALLEY)

ZONING:
(Q)C2-1 - RIO-CUGU
C2-1 - RIO-CUGU

DENSITY ALLOWED:
1:400 - 15,757 / 400 = 39 UNITS
W/35% DENSITY BONUS = 53 UNITS

DENSITY PROVIDED:
44 UNITS (12% DENSITY BONUS)

BUILDING AREA:

P1 PARKING	-	14,117 SF
GROUND FLOOR	-	13,890 SF
(7693 comm. + 6197 pkg)		
(7500 comm. s.f. for FAR calc)		
2ND FLOOR	-	8,200 SF
3RD FLOOR	-	8,200 SF
4TH FLOOR	-	8,200 SF
5TH FLOOR	-	7,550 SF
TOTAL BUILDING AREA	=	60,157 SF

TOTAL FLOOR AREA (FOR F.A.R.) = *32,150 SF* (resid.) + 7,500 SF (comm.) = 39,650 SF (total)

FAR:
39,650 SF : 14,600 SF OR
2.72:1 F.A.R.

BUILDING HEIGHT:
ALLOWABLE: 45' (LAMC 12.22.A.23)
ALLOWABLE: 30' (Q CONDITIONS)
PROVIDED: 68'

UNITS TOTAL: 44
19 - STUDIOS (401 SF)
19 - 1 BR (540 SF)
6 - 2 BR (793 SF)

OPEN AREA REQUIRED:

19 STD X 100 SF	=	1,900 SF
19 1BR X 100 SF	=	1,900 SF
6 2BR X 125 SF	=	750 SF
TOTAL OPEN AREA	=	4,550 SF

OPEN AREA PROVIDED:

COURTYARD	=	3,210 SF
OUTDOOR DECK	=	300 SF
COMMUNITY ROOM	=	1,137 SF *(25% MAX OF REQ= 1,137 SF)*
SKYDECK	=	822 SF
TOTAL OPEN AREA PROVIDED	=	5,469 SF

SETBACKS:

COMMERCIAL	REQUIRED	PROVIDED
FRONT/north	0'	0'
SIDE/east & west	0'	0'
REAR/south	0'	0'

SETBACKS:

RESIDENTIAL	REQUIRED	PROVIDED
FRONT/north	0'	0'
SIDE/east & west	0'	0'
REAR/south	15'+2'= 17'	0'

LANDSCAPE:	REQUIRED	PROVIDED
	1,138 S.F. (25% of req. open space)	1,809 S.F.

TREES:	REQUIRED	PROVIDED
	11 (1 tree per 4 units)	11

EXISTING TREES = 5 (6" - 9" diameter trunk; species: Crape Myrtle)

STREET TREES = 4 PROPOSED STREET TREES

AUTO PARKING REQUIRED:
RESIDENTIAL: 100% AFFORDABLE (PARKING OPTION 2)
0.5 SPACES PER UNIT

43 AFFORDABLE UNITS	=22 PARKING SPACES
1 MANAGERS UNITS	= 1 PARKING SPACES
TOTAL REQUIRED:	23 PARKING SPACES
TOTAL PROVIDED:	24 PARKING SPACES

COMMERCIAL: ENTERPRISE ZONE
1:500 PARKING SPACES (8,000/500) =16 PARKING SPACES
TOTAL REQUIRED: 16 PARKING SPACES

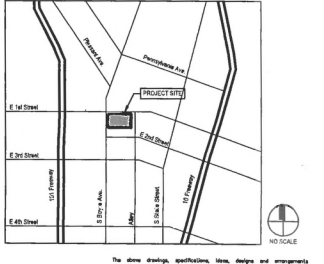
TOTAL PROVIDED: 17 PARKING SPACES

GRAND TOTAL AUTO PARKING PROVIDED: 41 PARKING SPACES

BICYCLE PARKING REQUIRED FOR TENANTS:		PROVIDED
LONG TERM - 1/UNIT (@44 UNITS)	= 44	44
SHORT TERM - 1:10 UNITS (@ 40UNITS)	= 4	4

BICYCLE PARKING REQUIRED FOR COMMERCIAL:		PROVIDED
LONG TERM - 1/2000 S.F. (8000/2000)	= 4	4
SHORT TERM - 1/2000 S.F. (8000/2000)	= 4	4

VICINITY MAP



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Y&M Architects
724 S. Spring Street #304
Los Angeles, CA 90014
Tel. 213 623 2107 Fax. 213 623 2108
www.ymarch.com

1ST & BOYLE
Project. 110 S. Boyle Ave., Los Angeles, CA 90033

AZURE DEVELOPMENT
Developer. -

06.03.18
Date

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TOPOGRAPHIC & BOUNDARY MAP

1ST STREET & BOYLE AVENUE

IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
LOTS 8, 9, 10, AND A PORTION OF 11

TITLE DESCRIPTION:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 8, 10 AND 11 OF THE WORDMAN AND HOLLENBECK TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5 PAGES 426 AND 427 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF LOT 11, CONDEMNED BY THE CITY OF LOS ANGELES FOR WIDENING FIRST STREET, BY DECREE OF CONDEMNATION RECORDED IN BOOK 4487, PAGE 148 OF DEEDS CASE NO. 873218 SUPERIOR COURT.

THE RIGHTS HEREINABOVE EXCEPTED DO NOT INCLUDE ANY RIGHT TO USE THE SURFACE OF SAID REAL PROPERTY OR THE FIRST FIVE HUNDRED (500) FEET BELOW SAID SURFACE OR TO CONDUCT ANY OPERATIONS THEREIN OR THEREON, AS RESERVED IN A DEED RECORDED MARCH 22, 1979 AS INSTRUMENT NO. 79-315805 OF OFFICIAL RECORDS.

OWNER OR REPRESENTATIVE:

AZURE DEVELOPMENT
8255 E. WASHINGTON BLVD. SUITE 833
COMMERCE, CA 90040
ATTN: EVETTE GONZALEZ

ARCHITECT:

ARCHITECT'S NAME
3675 LONG BEACH BOULEVARD
LONG BEACH, CALIFORNIA
1-(562)-427-3767

EXISTING LAND USE:

COMMERCIAL/VACANT

ON-SITE STRIPED PARKING

21 REGULAR SPACES
2 VAN (HANDICAP) SPACES

BENCHMARK:

PROJECT BENCHMARK:
BENCHMARK 13-02371
STAKE IN EAST CURB OF MISSION ROAD, 3.0' NORTH OF BCR NORTH OF FIRST STREET. ELEV: 269.949 FT (NAVD 88)

SITE BENCHMARK:
NAIL AND TAG IN CONCRETE SIDEWALK AT EAST PASS OF BOYLE AVENUE SIAMESE CONCRETE SIDEWALK ELEVATION: 313.215 FEET

BASIS OF BEARING:

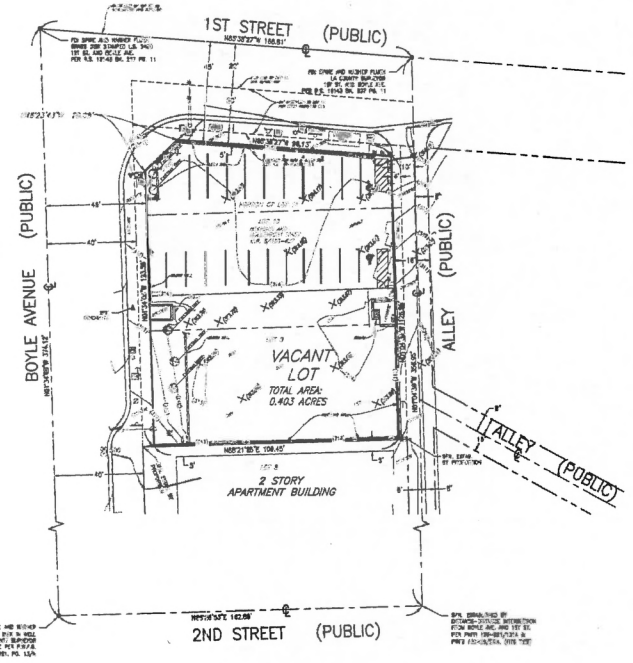
THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CALIFORNIA STATE PLANE COORDINATE SYSTEM NAD 83, ZONE 5, 2011.00 EPOCH AS DETERMINED LOCALLY BY BETWEEN CONTINUOUSLY OPERATING REFERENCE STATIONS "DUTB32 YOCY" AND "DGCS5 U13A" BEING N58°49'09"E

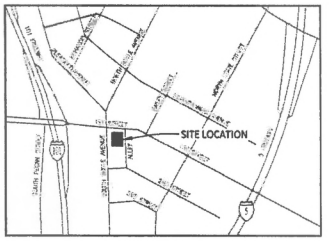
SURVEYOR'S NOTES

1. DISTANCES SHOWN ARE IN FEET AND DECIMALS THEREOF. NO DISTANCES OR ANGLES SHOWN HEREON MAY BE MEASURED BY SCALING.
2. FOR ZONING, BUILDING LINE AND OTHER RESTRICTIONS NOT SHOWN HEREON, REFER TO YOUR TITLE REPORT, DEED AND CITY BUILDING LINE REGULATIONS.
3. PROPERTY LINES SHOWN HEREON ARE BASED ON MONUMENTATION, AVAILABLE RECORD DATA AND A PRELIMINARY REPORT FOR TITLE INSURANCE BY CHICAGO TITLE COMPANY, ORDER NO.: 00004898-994-X53 WITH EFFECTIVE DATE JANUARY 17, 2013.
4. THE TOPOGRAPHIC FEATURES SHOWN HEREON ARE TO THE GENERAL LOCATION OF SAID IMPROVEMENTS AT GROUND LEVEL AND ARE FOR GENERAL INFORMATIONAL PURPOSES ONLY. NO UNDERGROUND UTILITIES ARE SHOWN AT THE REQUEST OF THE CLIENT.

UTILITY NOTIFICATIONS:

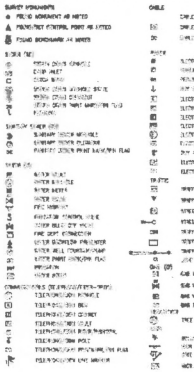
CITY OF LOS ANGELES 200 N. SPRING STREET, LOS ANGELES, CALIFORNIA, 90012 (213) 473-2331	SOUTHERN CALIFORNIA EDISON COMPANY P.O. BOX 800 ROSEMEAD, CA. 91770 (800) 655-4555
DEPARTMENT OF WATER AND POWER BEVERLY HILLS CSC 910 S. SOPU STREET, 216 LOS ANGELES, CALIFORNIA 90023 1-(213) 367-2715	AT&T 1-(800) 288-2020 CHARTER SPECTRUM 1-(800) 892-4357
SOUTHERN CALIFORNIA GAS COMPANY REMITTANCE PROCESSING ML 711 C 1801 S. ATLANTIC BOULEVARD MONTEREY PARK, CA. 91754, 91755 (800) 427-2200 EMERGENCIES: 1-(800) 427-2200	DIRECTV 1-(800) 669-8443 DISH NETWORK 1-(800) 451-7828 FRONTIER COMMUNICATIONS 1-(800) 351-0155





VICINITY MAP
NOT TO SCALE

LEGEND:
SYMBOLS AND ABBREVIATIONS:





No.	REVISIONS DESCRIPTION	DATE

PREPARED BY:
WestLAND Group, Inc. Land Surveyors • Civil Engineers • GIS
WWW.WESTLANDGROUP.NET

DRAFTED BY: JV
CHECKED BY: MZ
SCALE: 1" = 30'

TOPOGRAPHIC & BOUNDARY MAP
AZURE DEVELOPMENT
110 SOUTH BOYLE AVENUE
LOS ANGELES, CALIFORNIA, 90033

DATE: OCTOBER 2, 2017 | J.N. 2017-210 | SHEET 1 OF 1

The above drawings, specifications, ideas, designs and arrangements represented thereby are and shall remain property of the Architect. (Y&M Architects), and no part thereof shall be copied, disclosed to others or used in connection with any other project other than the specific project for which they have been prepared and developed, without the written consent of the Architect. (Y&M Architects). Visual contact with these drawings or specifications shall constitute conclusive evidence of acceptance of these restrictions. Written dimensions on these drawings shall have pre-over scaled dimensions. Contractors shall verify and be responsible for all dimensions and conditions on the job. and this office must be notified of any variations from the dimensions and conditions shown by these drawings. Shop details must be submitted to this office for approval before proceeding with fabrication.

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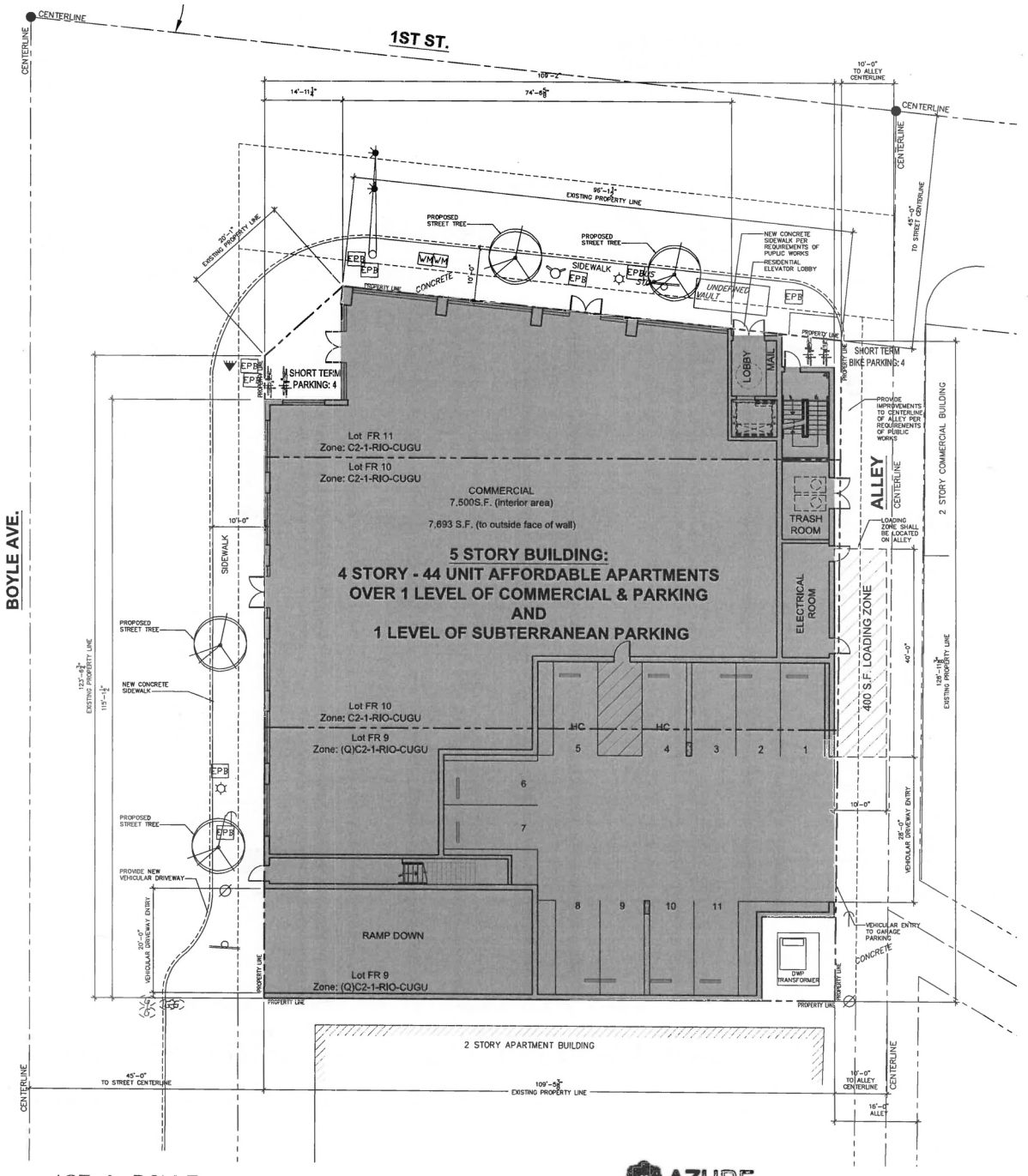

PARKING DATA (GROUND FLOOR):

PARKING USE	STANDARD	COMPACT	ACCESSIBLE	SUB-TOTAL	TANDEM
RESIDENTIAL	0	0	0	0	0
COMMERCIAL	9	0	2	11	0
TOTAL	9	0	2	11	0

PARKING DATA (P1 PARKING LEVEL):

PARKING USE	STANDARD	COMPACT	ACCESSIBLE	SUB-TOTAL	TANDEM
RESIDENTIAL	12	11	1	24	0
COMMERCIAL	5	0	1	6	4
TOTAL	17	11	2	30	4

SITE PLAN ①
SCALE: 1/8" = 1'-0"
0' 1' 5' 15' 30'

NORTH

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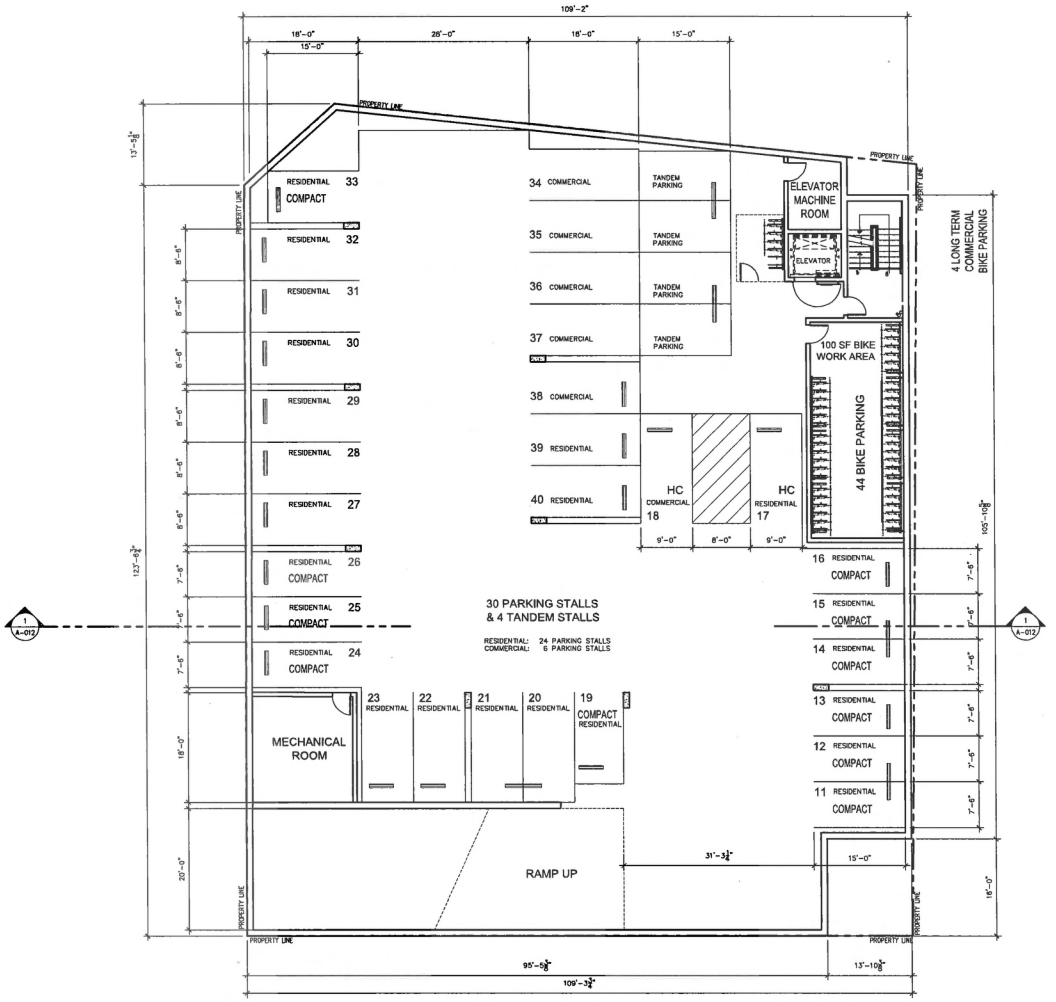

PARKING DATA (P1 PARKING LEVEL):

PARKING USE	STANDARD	COMPACT	ACCESSIBLE	SUB-TOTAL	TANDEM
RESIDENTIAL	12	11	1	24	0
COMMERCIAL	5	0	1	6	4
TOTAL	17	11	2	30	4

NORTH

P1 PARKING PLAN

SCALE: 1/8" = 1'-0"

0' 1' 5' 15' 30'

1

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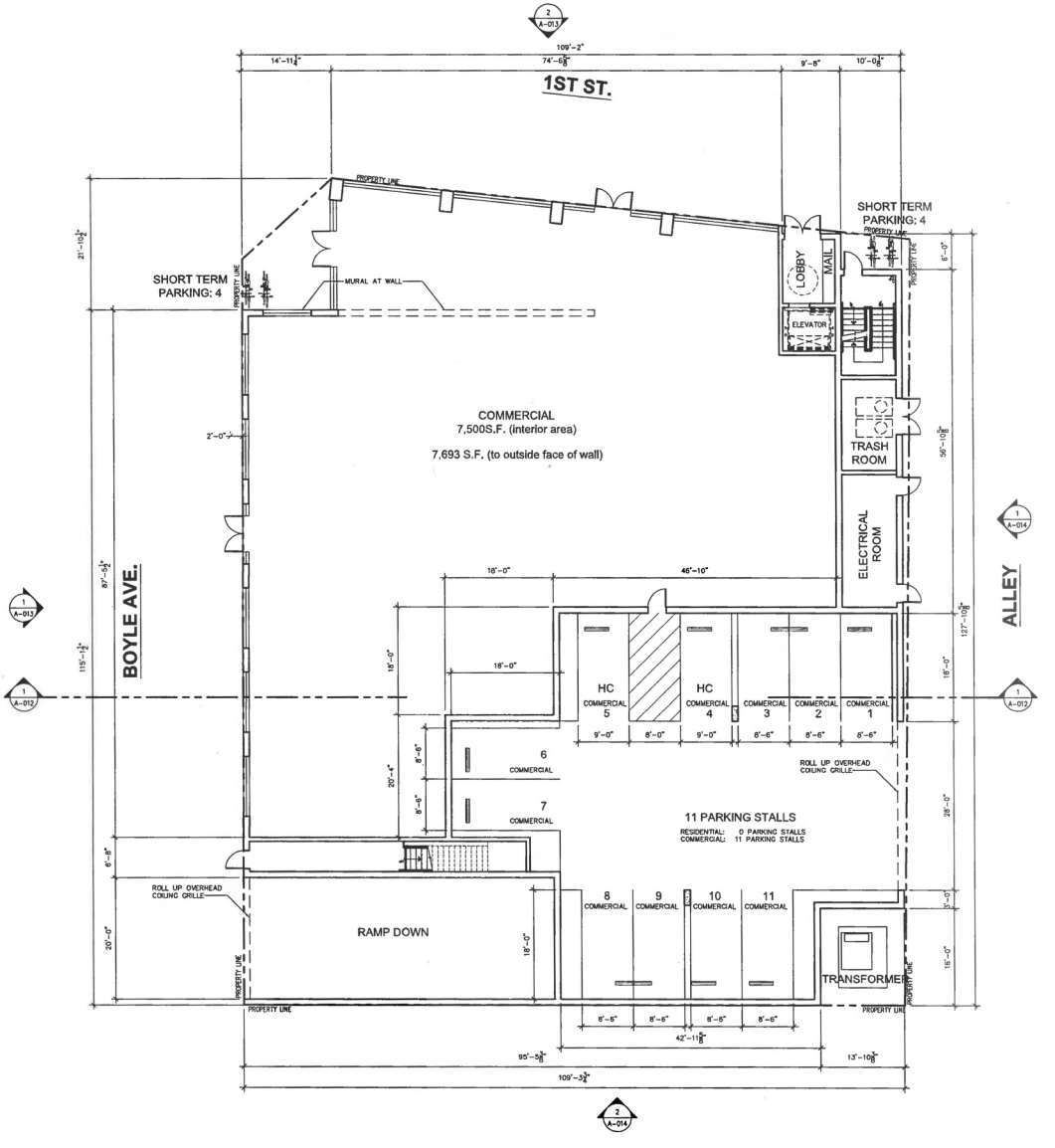

PARKING DATA (GROUND FLOOR):

PARKING USE	STANDARD	COMPACT	ACCESSIBLE	SUB-TOTAL	TANDEM
RESIDENTIAL	0	0	0	0	0
COMMERCIAL	9	0	2	11	0
TOTAL	9	0	2	11	0

NORTH

GROUND FLOOR (1)
SCALE: 1/8" = 1'-0"
0' 1' 5' 15' 30'

The above drawings, specifications, ideas, designs and arrangements represented thereby are and shall remain property of the Architect. (Y&M Architects), and no part thereof shall be copied, disclosed to others or used in connection with any other project other than the specific project for which they have been prepared and developed, without the written consent of the architect(s). Visual contact with these drawings or the architect's bid documents shall constitute acceptance of these restrictions. Written dimensions on these drawings shall have pre-ever scaled dimensions. Contractors shall verify and be responsible for all dimensions and conditions on the job, and this office must be notified of any variations from the dimensions and conditions shown by these drawings. Shop details must be submitted to this office for approval before proceeding with fabrication.

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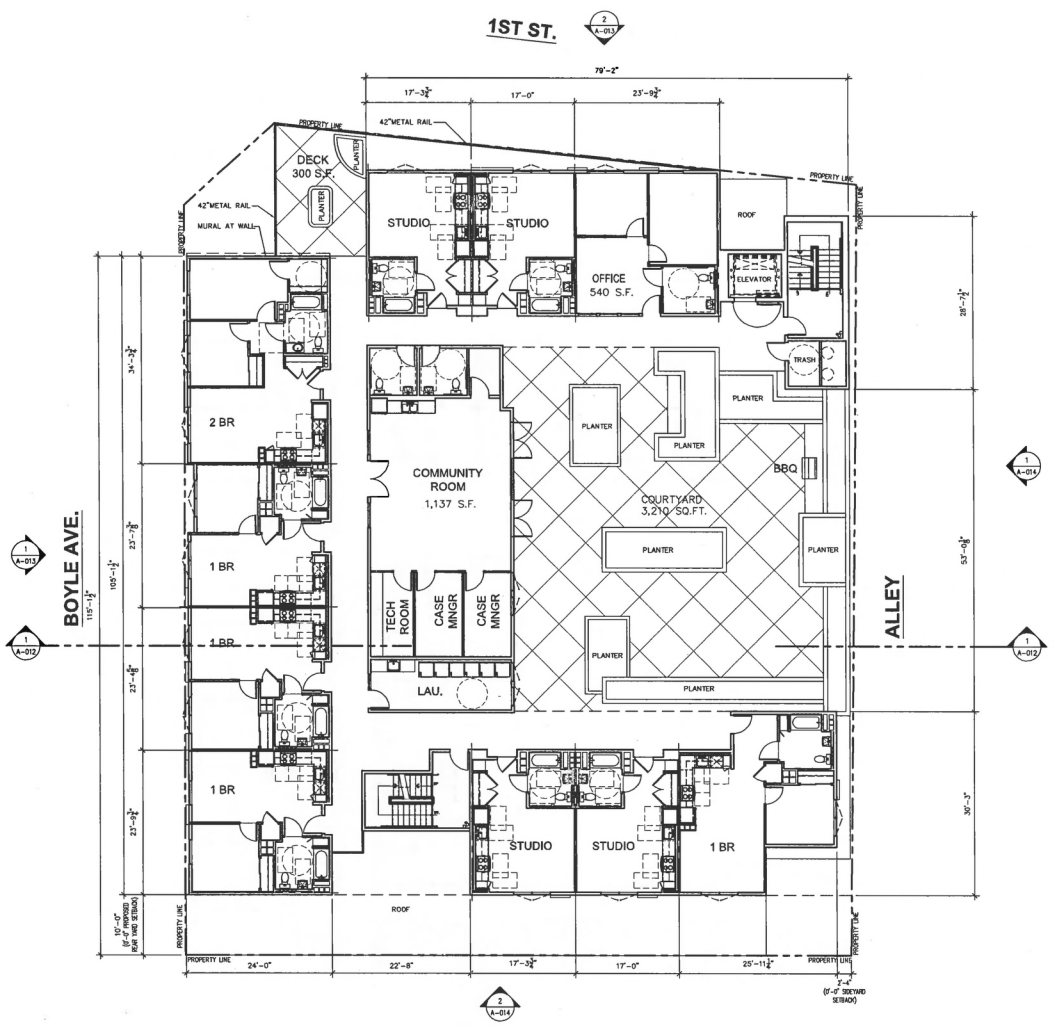

NORTH

2ND FLOOR PLAN

SCALE: 1/8" = 1'-0"

0' 1' 5' 15' 30'

The above drawings, specifications, ideas, designs and arrangements represented thereby are and shall remain property of the Architect (YM Architects), and no part thereof shall be copied, disclosed to others or used in connection with any other project other than the specific project for which they have been prepared and developed, without the written consent of the Architect (YM Architects). Visual contact with these drawings or specifications shall constitute conclusive evidence of acceptance of these restrictions. Written dimensions on these drawings shall have pre-over scaled dimensions. Contractors shall verify and be responsible for all dimensions and conditions on the job, and this office must be notified of any variations from the dimensions and conditions shown by these drawings. Shop details must be submitted to this office for approval before proceeding with fabrication.

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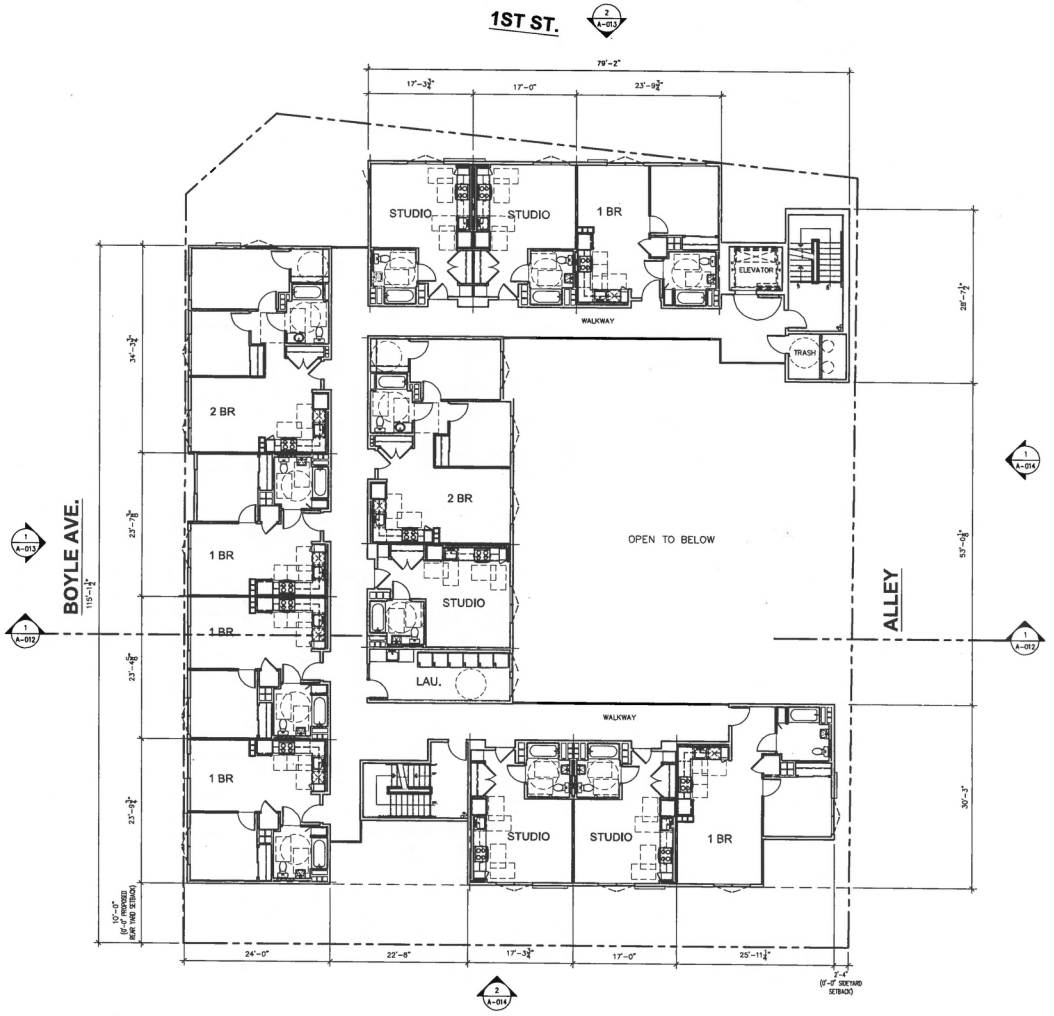

NORTH

3RD FLOOR PLAN 1
SCALE: 1/8" = 1'-0"

0' 1' 5' 15' 30'

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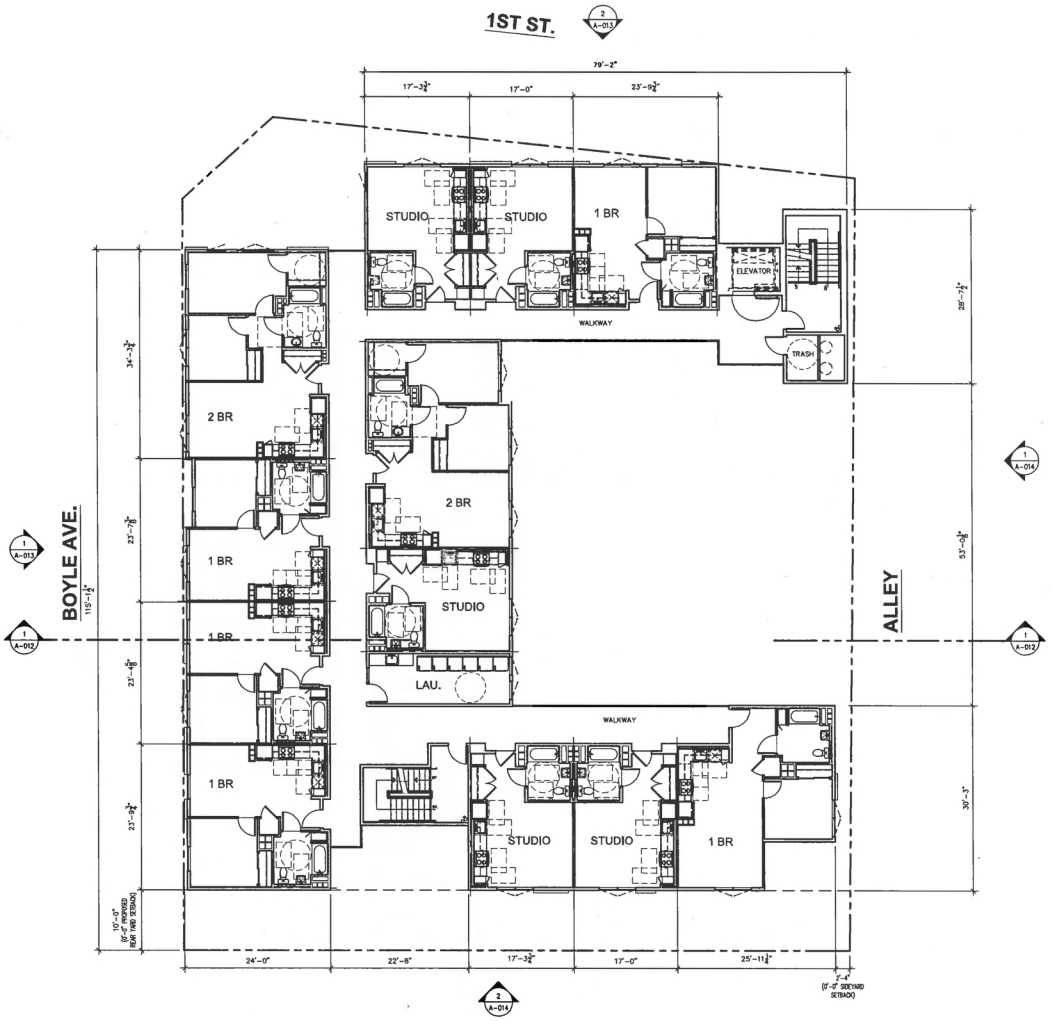

4TH FLOOR PLAN
SCALE: 1/8" = 1'-0"

0' 1' 5' 15' 30'

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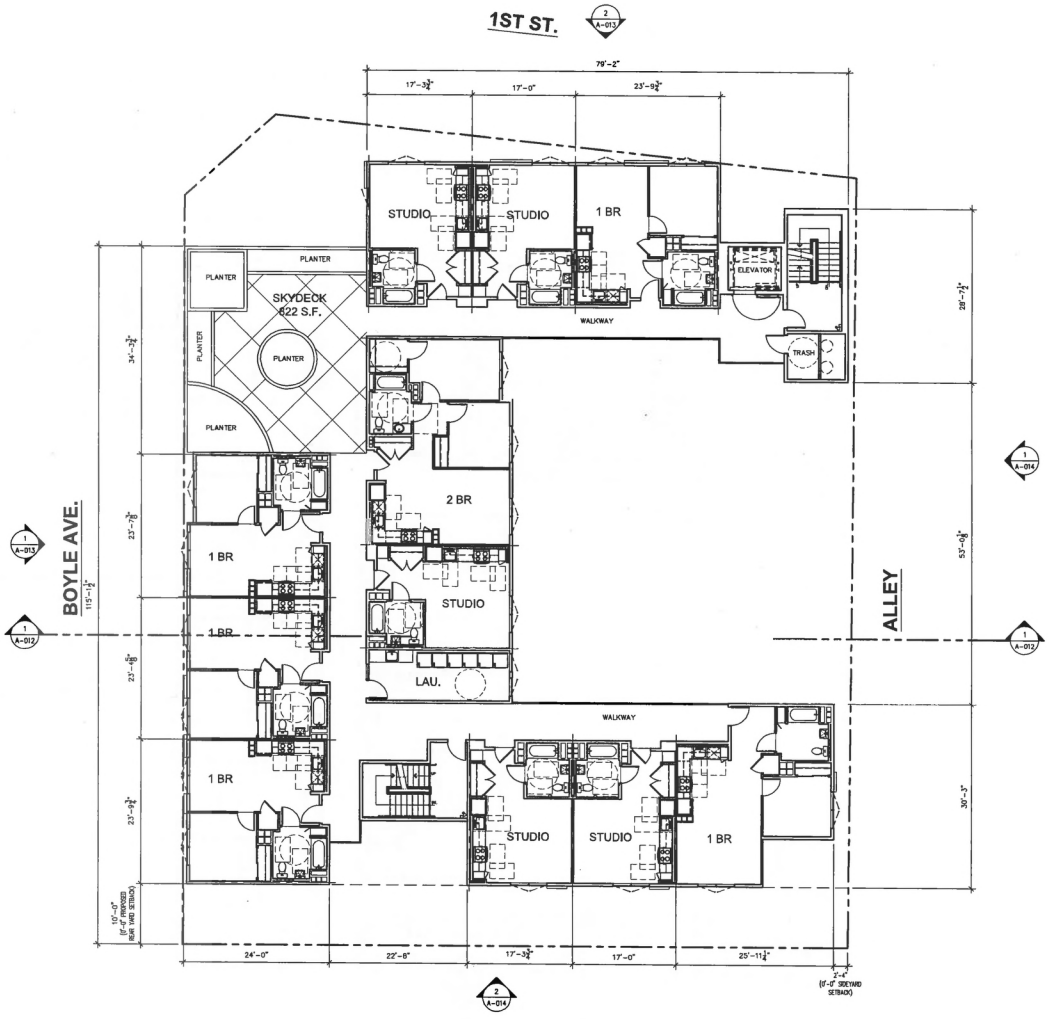

NORTH

5TH FLOOR PLAN (1)
SCALE: 1/8" = 1'-0"
0' 1' 5' 15' 30'

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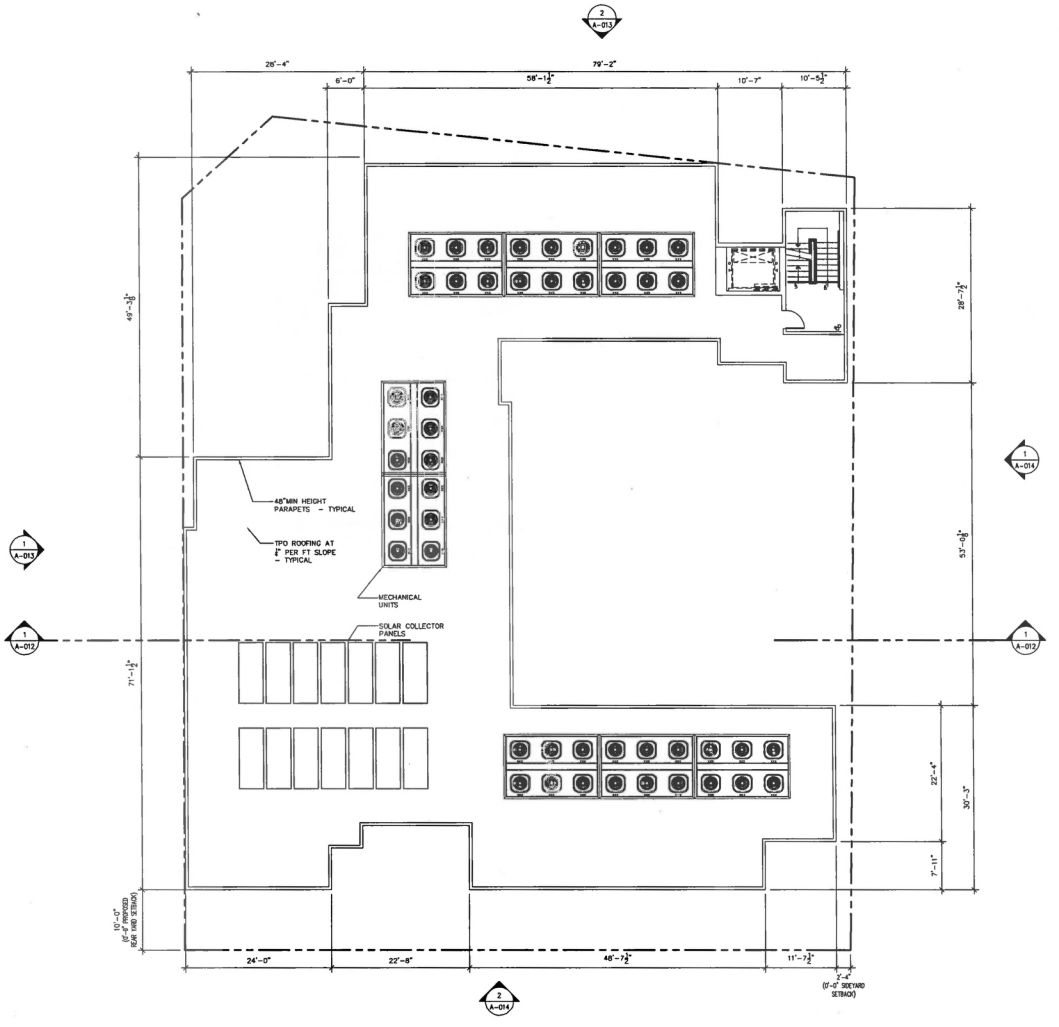

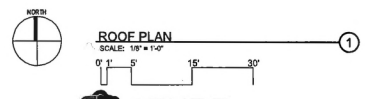

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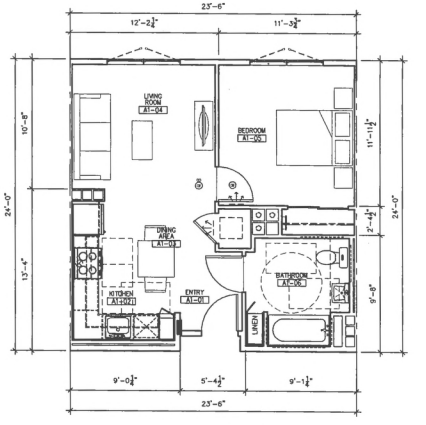
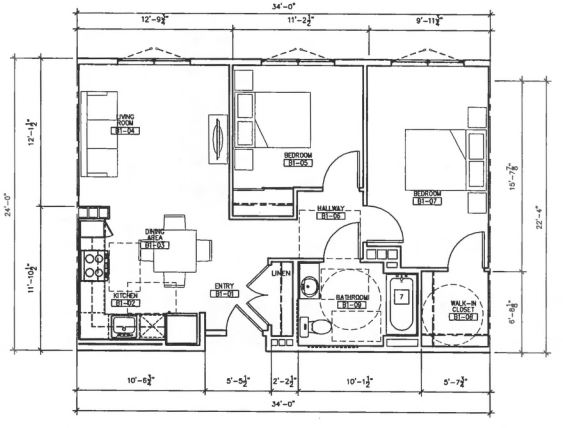


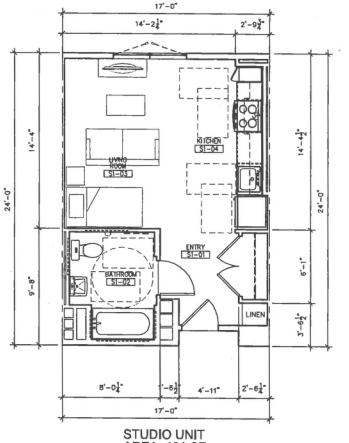
1 BEDROOM UNIT
AREA: 540 SF ②
SCALE: 1/4"= 1'-0"

0' 1' 5' 15' 30'



2 BEDROOM UNIT
AREA: 793 SF ③
SCALE: 1/4"= 1'-0"

0' 1' 5' 15' 30'



STUDIO UNIT
AREA: 401 SF ①
SCALE: 1/4"= 1'-0"

0' 1' 5' 15' 30'

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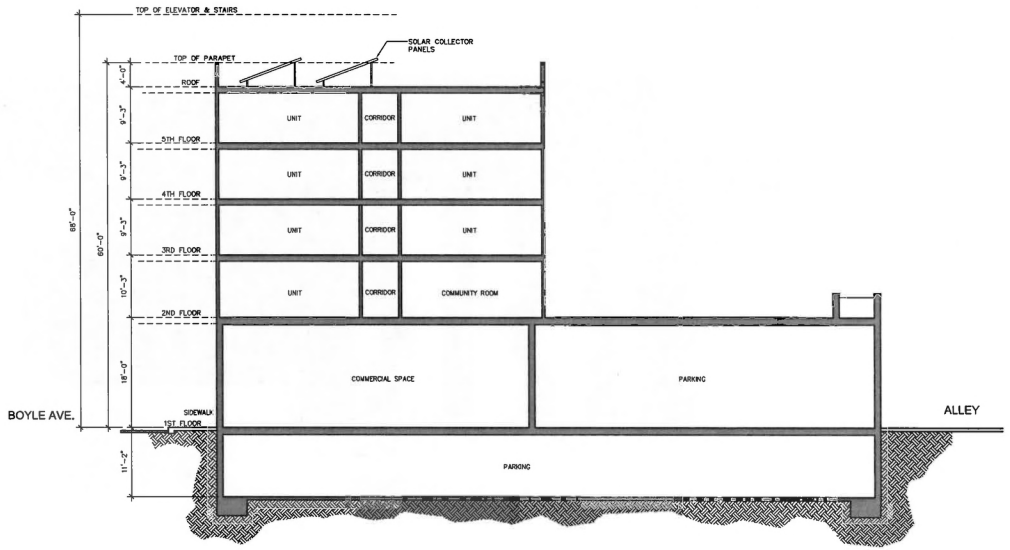

NORTH

BUILDING SECTION (1)

SCALE: 1/8" = 1'-0"

0' 1' 5' 15' 30'

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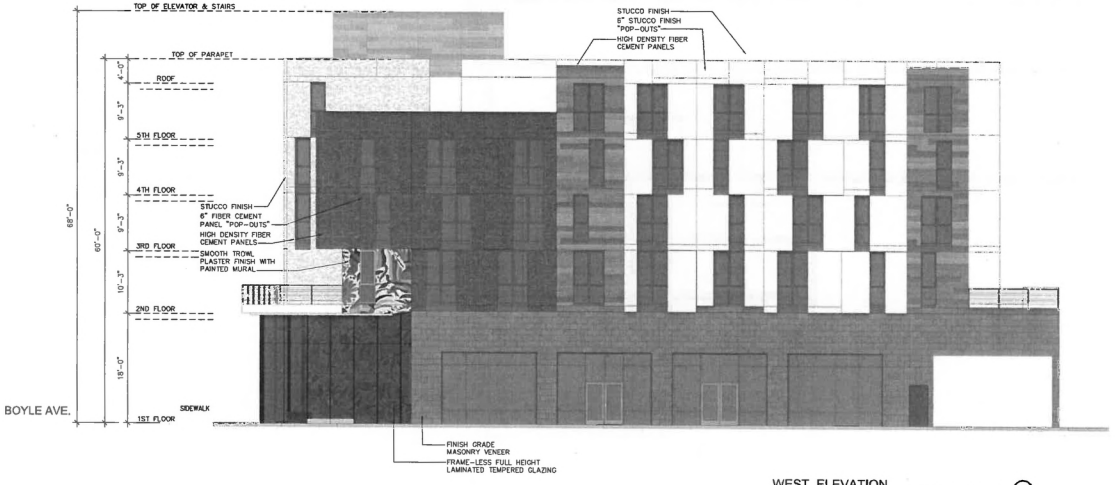
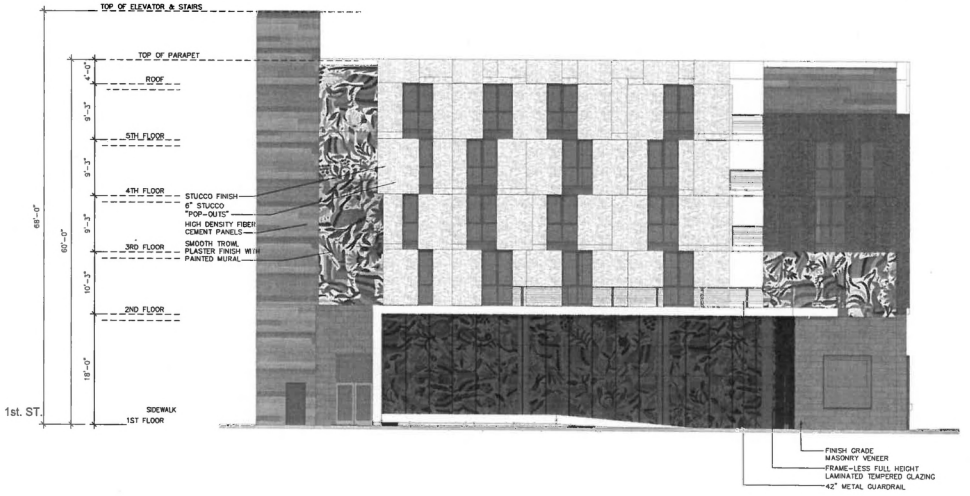
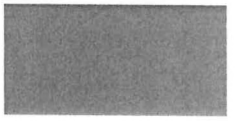


WEST ELEVATION ②
SCALE: 1/8"= 1'-0"
0' 1' 5' 15' 30'

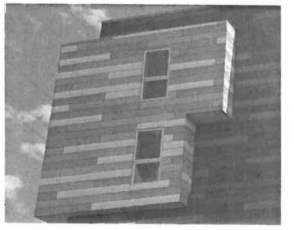


NORTH ELEVATION ①
SCALE: 1/8"= 1'-0"
0' 1' 5' 15' 30'

MATERIAL SAMPLES



MASONRY VENEER ③
SCALE:



HIGH DENSITY FIBER CEMENT BOARD ④
SCALE:



MILGARD BRONZE VINYL WINDOW ⑤
SCALE:

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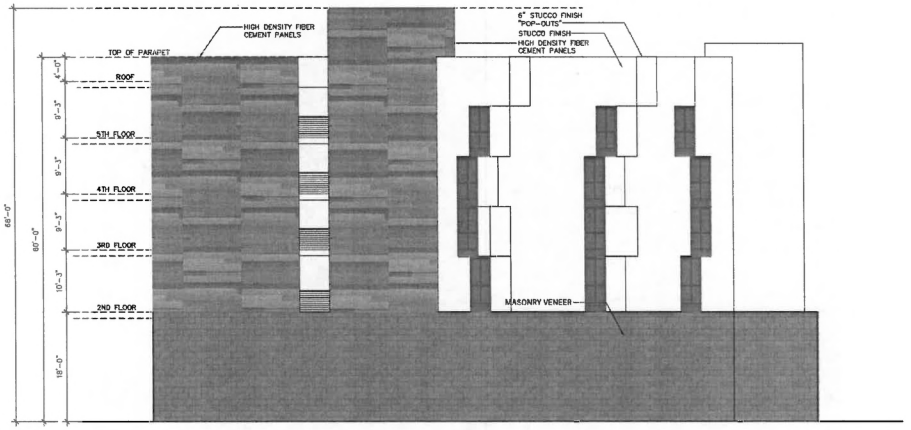

SOUTH ELEVATION (2)
SCALE: 1/8"= 1'-0"
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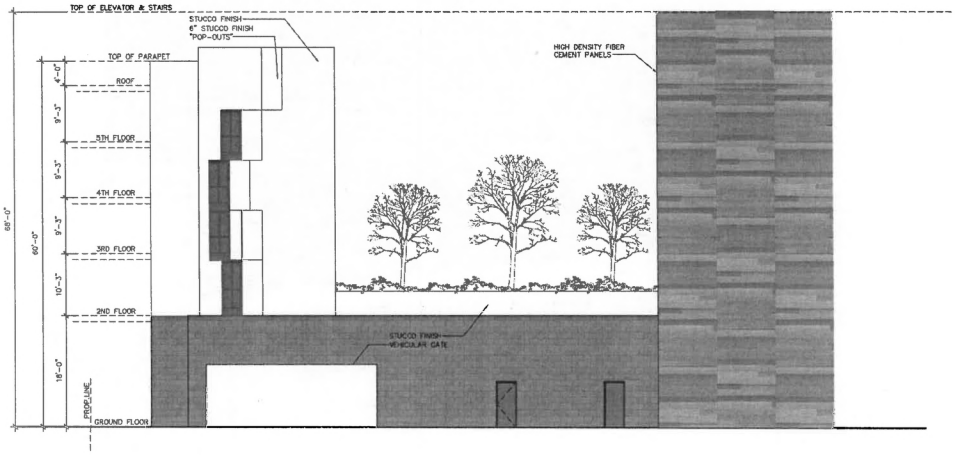

EAST ELEVATION (1)
SCALE: 1/8"= 1'-0"
0' 1' 5' 15' 30'

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Date Page

PLANT SCHEDULE

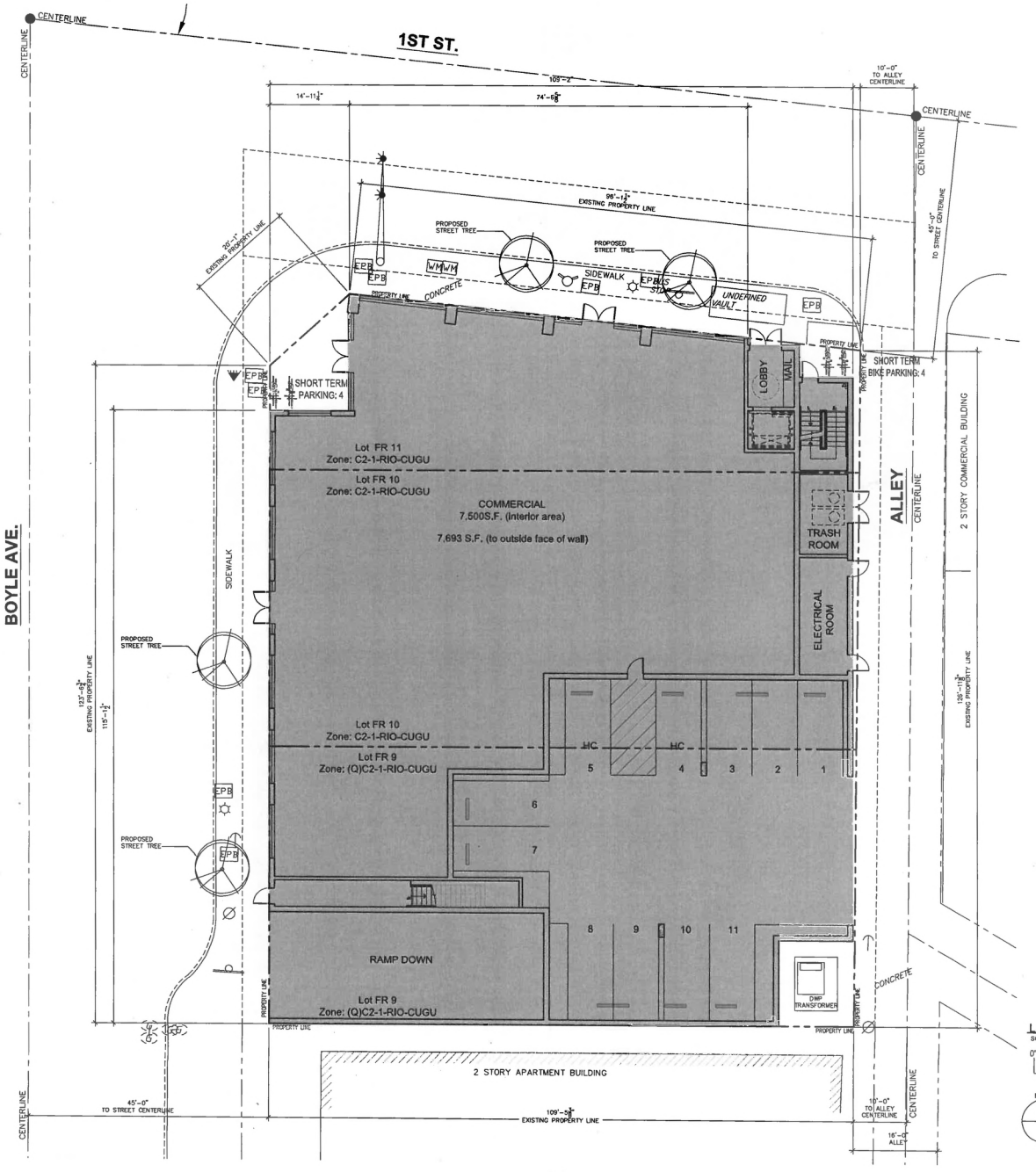
TREES	BOTANICAL NAME	COMMON NAME	SIZE	QTY.	WATER USE	REMARKS	FUEL MODIFICATION REMARKS
	PYRUS KAWAKAMII	EVERGREEN PEAR	24" BOX	6	LOW		
	CASSIA LEPTOPHYLLA	GOLD MEDALLION TREE	24" BOX	5	LOW		
	STREET TREES PER CITY OF LOS ANGELES REQUIREMENTS			4			

SHRUBS	BOTANICAL NAME	COMMON NAME	SIZE	QTY.	WATER USE	REMARKS	FUEL MODIFICATION REMARKS
①	AGAPANTHUS 'E' STORMLOUD	DARK BLUE LILY OF THE NILE	5 GAL.	42	LOW		
	PHORMIUM TENAX ATROPURPUREUM	PURPLE RED NEW ZEALAND FLAX	5 GAL.	42	LOW		
②	RHAPHIOLEPSIS INDICA	PINK LADY	5 GAL.	25	LOW	SPACE 3' O.C.	
③	ARBUTUS UNEDO	STRAWBERRY TREE	15 GAL.		LOW		
④	HEMEROCALLIS 'S'	RUSSIAN RHAPSODY	5 GAL.		LOW		

GROUNDCOVERS	BOTANICAL NAME	COMMON NAME	SIZE	QTY.	WATER USE	REMARKS	FUEL MODIFICATION REMARKS
	BOUGAINVILLEA 'MONKEY'	BOUGAINVILLEA GROUND COVER	5 GAL.	-	LOW	SPACE 5' O.C.	
	FESTUCA 'ELIJAH BLUE'	BLUE FESCUE	5 GAL.	-	LOW	SPACE 3' O.C.	
	LANTANA X 'SUNBURST'	SUNBURST SPREADING LANTANA	5 GAL.	-	LOW	SPACE 3' O.C.	

NOTE: SHREDDED BARK MULCH IN ALL PLANTING AREAS

NOTE: SEE PROJECT DATA AT SHEET A-001 FOR LANDSCAPE AREA AND EXISTING & PROPOSED TREE COUNT



LANDSCAPE GROUND FLOOR PLAN ①
SCALE: 1/8" = 1'-0"
0' 1' 5' 15' 30'

NORTH

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PLANT SCHEDULE

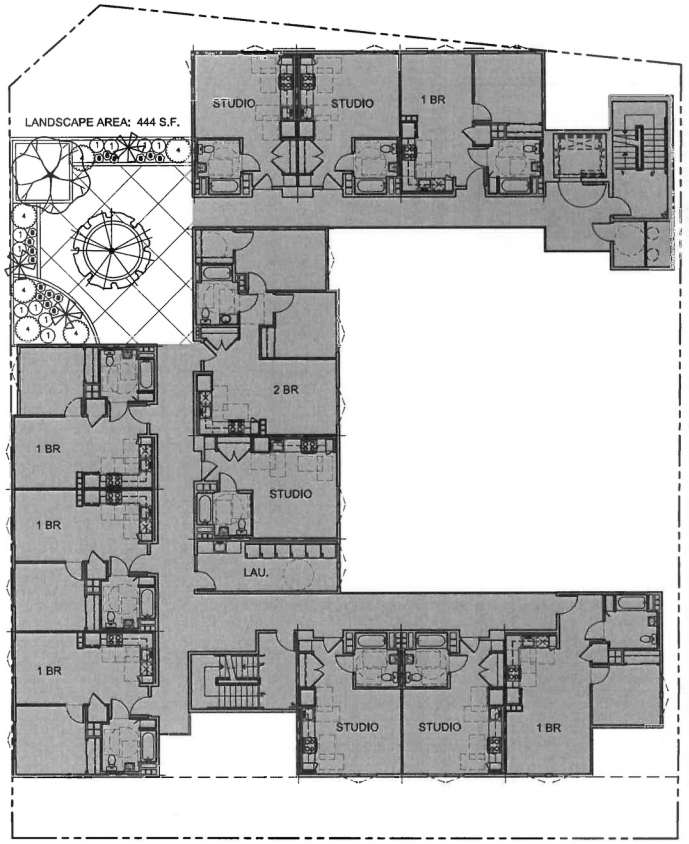
TREES	BOTANICAL NAME	COMMON NAME	SIZE	QTY.	WATER USE	REMARKS	FUEL MODIFICATION REMARKS
	PYRUS KAWAKAMII	EVERGREEN PEAR	24" BOX	6	LOW		
	CASSIA LEPTOPHYLLA	GOLD MEDALLION TREE	24" BOX	5	LOW		
	STREET TREES PER CITY OF LOS ANGELES REQUIREMENTS			4			

SHRUBS	BOTANICAL NAME	COMMON NAME	SIZE	QTY.	WATER USE	REMARKS	FUEL MODIFICATION REMARKS
	AGAPANTHUS "X" STORMCLOUD	DARK BLUE LILY OF THE NILE	5 GAL.	42	LOW		
	PHORMIUM TENAX ATROPURPUREUM	PURPLE RED NEW ZEALAND FLAX	5 GAL.	40	LOW		
	RHAPHOLEPSIS INDICA	PINK LADY	5 GAL.	25	LOW	SPACE 5' O.C.	
	ARBUTUS UNEDO	STRAWBERRY TREE	15 GAL.		LOW		
	HEMEROCALLIS "X"	RUSSIAN RHAPSODY	5 GAL.		LOW		

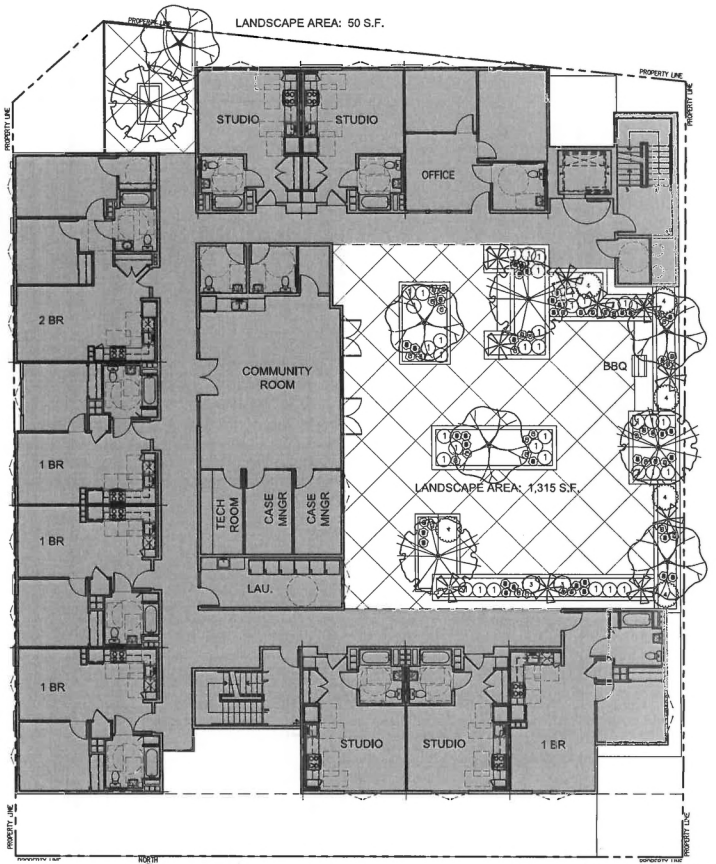
GROUNDCOVERS	BOTANICAL NAME	COMMON NAME	SIZE	QTY.	WATER USE	REMARKS	FUEL MODIFICATION REMARKS
	BOUGAINVILLEA "MONKA"	BOUGAINVILLEA GROUND COVER	5 GAL.	-	LOW	SPACE 5' O.C.	
	FESTUCA "ELIJAH BLUE"	BLUE FESCUE	5 GAL.	-	LOW	SPACE 5' O.C.	
	LANTANA X "SUNBURST"	SUNBURST SPREADING LANTANA	5 GAL.	-	LOW	SPACE 5' O.C.	

NOTE: SEE PROJECT DATA AT SHEET A-001 FOR LANDSCAPE AREA AND EXISTING & PROPOSED TREE COUNT

NO SHREDDED BARK MULCH IN ALL PLANTING AREAS



LANDSCAPE 5TH FLOOR PLAN (2)
SCALE: 1/8" = 1'-0"
0' 1' 5' 15' 30'



LANDSCAPE 2ND FLOOR PLAN (1)
SCALE: 1/8" = 1'-0"
0' 1' 5' 15' 30'

The above drawings, specifications, ideas, designs and arrangements represented thereby are and shall remain property of the Architect (Y&M Architects), and no part thereof shall be copied, disclosed to others or used in connection with any other project other than the specific project for which they have been prepared and developed, without the written consent of the Architect (Y&M Architects). Visual contact with these drawings or specifications shall constitute conclusive evidence of acceptance of these restrictions. Written dimensions on these drawings shall have pre-cedented dimensions. Contractors shall verify and be responsible for all dimensions and conditions on the job, and the office must be notified of any variations from the dimensions and conditions shown by these drawings. Shop details must be submitted to this office for approval before proceeding with fabrication.

Y&M Architects
Y&M Architects
724 S. Spring Street #304
Los Angeles, CA 90014
Tel. 213 623 2107 Fax. 213 623 2108
www.ymarch.com

1ST & BOYLE
Project. 110 S. Boyle Ave., Los Angeles, CA 90033

AZURE DEVELOPMENT
Developer. -

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ATTACHMENT D
1ST AND BOYLE
SUMMARY OF AFFORDABILITY RESTRICTIONS
LOS ANGELES, CALIFORNIA

Based on 2018 Rents	Studio Units	1-Bdrm Units	2-Bdrm Units
GL - HCD ELI / 30% - HHH / 30% - TCAC			
Number of Units	5	7	1
30% AMI TCAC	$509	$545	$654
ELI HCD (Land Restrictions)	$364	$416	$468
VLI Density Bonus	$606	$693	$779
30% AMI HHH	$509	$545	$654
PBV Vouchers	Yes	Yes	Yes
Applicable Rent	**$364**	**$416**	**$468**
GL - HCD 59% / 30% - HHH / 30% - TCAC			
Number of Units	11	8	1
30% AMI TCAC	$509	$545	$654
59% HCD (Land Restrictions)	$715	$818	$920
50% AMI HHH	$509	$545	$654
PBV Vouchers	Yes	Yes	Yes
Applicable Rent	**$509**	**$545**	**$654**
GL - HCD 80% / 50% HHH / 50% TCAC			
Number of Units	3	4	3
50% AMI TCAC	$848	$909	$1,091
80% HCD (Land Restrictions)	$970	$1,109	$1,247
50% AMI HHH	$848	$909	$1,091
PBV Vouchers	Yes	Yes	Yes
Applicable Rent	**$848**	**$909**	**$1,091**

Prepared by: Keyser Marston Associates, Inc.
Filename: 1st and Boyle PF_3 24 19; Aff Chart-RES ; trb

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

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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):

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(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.

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"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

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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.

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"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

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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.

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"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

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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);

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(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

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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.

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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 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.

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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.

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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

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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

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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.

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(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.

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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:

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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,

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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

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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

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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

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

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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

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(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

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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

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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.

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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]

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

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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)** ☐ Waiver of Subrogation in favor of City ☐ Longshore & Harbor Workers ☐ Jones Act	**WC** *Statutory* **EL** _____
___ **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 ___ **Crime Insurance**	100 % of Contract Price _____

Other: _____