



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Executive Director

September 16, 2003

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE ENVIRONMENTAL DOCUMENTATION AND LOAN AGREEMENT
FOR HARMONY CREEK SENIOR HOUSING IN UNINCORPORATED
HACIENDA HEIGHTS (4)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration prepared pursuant to requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for the development of Harmony Creek Senior Housing, a 75-unit senior housing development to be located at 15554 Gale Avenue in unincorporated Hacienda Heights.
2. Find that with the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, and required as a condition of project approval, the acquisition of a 1.77-acre parcel for development of the project described above will not have a significant effect on the environment; approve the Environmental Assessment/Mitigated Negative Declaration; and find that the project will have no adverse effect on wildlife resources, and authorize the Executive Director of the Community Development Commission to complete and file with the County Clerk a Certificate of Fee Exemption for the project described above.

3. Find that the Environmental Assessment/Mitigated Negative Declaration reflects the independent judgment of the Commission, and instruct the Executive Director to file with the County Clerk a Notice of Determination, as required by CEQA; and instruct the Executive Director to take any and all actions necessary to complete the implementation of this environmental review action, for the project described above.
4. Approve a Loan Agreement, submitted in substantially final form, between the Community Development Commission and Hacienda Senior Partners, L.P., a California limited partnership (the Developer), of which Residential Communities Incorporated, a California corporation, and Los Robles Development Corporation, a California corporation, are the General Partners, for the development of the project described above, for which Gateway Community Housing Corporation, a California non-profit public benefit corporation and a Community Housing Development Organization (CHDO), will be the special limited partner during development, and Managing General Partner after the project is placed in service.
5. Authorize the Executive Director to execute the Loan Agreement, to be effective following approval as to form by County Counsel and execution by all parties, and to fund the loan, using up to \$4,400,000 in HOME Investment Partnerships (HOME) Program funds, for site acquisition, pre-development, construction, and permanent financing of the 75 units.
6. Authorize the Executive Director to incorporate a total of \$4,400,000 in HOME funds into the Commission's Fiscal Year 2003-2004 approved budget, for the purposes described above.
7. Authorize the Executive Director to subordinate the Commission's interest in the property to a qualified lender, and to execute all necessary documents for this purpose, to be effective following approval as to form by County Counsel and execution by all parties.

PURPOSE/ JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to satisfy environmental review requirements for the project pursuant to CEQA, and to approve the Loan Agreement to fund the development of 75 rental units for low-income and very low-income seniors.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Commission will provide a site acquisition, pre-development, construction and permanent loan of up to \$4,400,000 in HOME funds, and the Housing Authority of the County of Los Angeles will issue mortgage revenue bonds of up to \$5,500,000 for development of the project early next year. From the date of the release of funds, the loan will accrue interest at three percent simple annual interest, to be repaid from residual rental receipts.

Following completion of construction, the \$4,400,000 loan will convert to a HOME permanent loan, augmented by additional financing, including: a proposed loan of up to \$466,192 from City of Industry Funds, which will reduce the HOME loan by the same amount; a mortgage revenue bond-based loan of \$2,776,000; and tax credit equity of \$2,907,560. The permanent HOME loan will be at three percent simple annual interest, with a 30-year term, to be evidenced by a Promissory Note and secured by a Deed of Trust. The Developer will defer the \$215,000 developer fee.

The estimated total development cost is \$10,298,560. A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The project will consist of 75 rental units for low- and very low-income seniors earning up to 60 and 50 percent, respectively, of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). The project will provide 51 units for low-income, 60 percent AMI seniors, and 23 units for very low-income, 50 percent AMI, seniors. One unit will serve as a manager's unit. The affordability term is 55 years.

Supportive services and case management services will be provided to residents under an agreement between the Developer and St. Barnabas Senior Services. These will include personalized case management, nutrition and meal services, transportation and shopping assistance, access to medical services and health screening, money management, housekeeping and home chore assistance, social and recreational activities, service referrals, and in-home personal care.

County Counsel has reviewed this letter and the attached Loan Agreement.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This

document describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Commission on July 2, 2003. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development is expected to issue a Release of Funds for the project on or before September 16, 2003.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment, used in place of an Initial Study, would be used to satisfy CEQA requirements. The Environmental Assessment/Mitigated Negative Declaration was circulated for public review as required by state and local law, and the Environmental Assessment/Mitigated Negative Declaration, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

Approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, and filing a Notice of Determination with the County Clerk will satisfy CEQA requirements. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The Commission is exempt from paying this fee when your Board finds that the project will have no significant impact on wildlife resources. The project is located in an urban setting, and the Environmental Assessment/Mitigated Negative Declaration concludes there will be no adverse effect on wildlife resources.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROJECT:

Approval of the Loan Agreement will increase affordable senior housing in the unincorporated county area.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 4

ATTACHMENT A
FINANCIAL ANALYSIS

15554 Gale Avenue, unincorporated Hacienda Heights

The project consists of 75 senior rental units to be located at 15554 Gale Avenue in unincorporated Hacienda Heights. Twenty-three units will be reserved for qualified, very low-income seniors with household income not exceeding 50 percent of the area median income (AMI) for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, and 51 units will be reserved for qualified, low-income seniors with household income not exceeding 60 percent of AMI for the MSA, adjusted for family size. One unit will be reserved for the on-site manager. The following is a financial analysis of the development based on currently available data on construction and permanent sources and uses.

	Total	Per Unit
<u>Construction Phase:</u>		
Sources		
Construction Loan (Tax Exempt Bond)	\$5,500,000	\$73,333
Commission (HOME)	3,819,350	50,925
Deferred Developer Fee	215,000	2,867
Low-Income Housing Tax Credit (Equity Investor)	764,210	10,189
TOTAL	\$10,298,560	\$137,314
Uses		
Total Development Cost	\$10,298,560	\$137,314
<u>Permanent Phase:</u>		
Sources		
Permanent Loan (Tax Exempt Bond)	\$2,776,000	\$37,013
Commission (HOME)	4,400,000*	58,667
Deferred Developer Fee	215,000	2,867
Low Income Housing Tax Credit (Equity Investor)	2,907,560	38,767
TOTAL	\$10,298,560	\$137,314
Uses		
Total Development Cost	\$10,298,560	\$137,314

* The Developer will apply for Industry Funds up to \$446,192, which will reduce the \$4,400,000 HOME loan by the Industry funds-awarded amount.

**County of Los Angeles
Community Development Commission**

**NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

PROJECT TITLE: Harmony Creek Apartments

PROJECT DESCRIPTION: The proposed project involves the acquisition of a 1.77-acre parcel for the development of 74 units of attached senior housing at 15554 Gale Avenue. Each senior unit will include a 540 square-foot one-bedroom apartment. The building will cover about 62,500 square feet. Off-site improvements will include curbs, gutters, sidewalks, driveway, asphalt repair, two curbside drains for water runoff, utility connections, and street trees.

PROJECT LOCATION: The project is located in Hacienda Heights, in the unincorporated area of Los Angeles County, California. The project involves the construction of 74 units of attached affordable senior housing and one manager's unit on a vacant 1.77-acre site at 15554 Gale Avenue. The site is currently enclosed by fences or walls and most of the site is covered with vegetation.

MITIGATION MEASURES INCLUDED IN THE PROJECT TO AVOID POTENTIALLY SIGNIFICANT IMPACTS:

The following mitigation measures are required:

1. **Conformance with Plans and Zoning.** Approval of a development program for a specific development proposal in the R-2-DP zone and a conditional use permit (CUP) to allow higher density residential development shall be obtained, or a zone change or other appropriate administrative procedure to allow for a higher density residential development shall be approved, prior to issuance of a building permit.
2. **Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
 - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
 - Windows and sliding glass doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).
 - Exterior doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be solid-core with perimeter weather stripping and threshold seals.
3. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed

during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

FINDING OF NO SIGNIFICANT EFFECT. Based on the attached NEPA Environmental Assessment, it has been determined that the project will not have a significant effect on the environment, provided that all suggested mitigation measures are incorporated.

HUD – NEPA – Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

HUD – NEPA- ENVIRONMENTAL ASSESSMENT

- Project Name:** Harmony Creek Apartments/HOME
- Project Location:** The project is located in Hacienda Heights, in the unincorporated area of Los Angeles County, California. The project involves the construction of 74 units of attached affordable senior housing and one manager’s unit on a vacant 1.77-acre site at 15554 Gale Avenue. The site is currently enclosed by fences or walls and most of the site is covered with vegetation. Figure 1 shows the regional location of the project, Figure 2 shows the location of the project within the community of Hacienda Heights, and Figure 3 shows photos of the existing site conditions and surrounding land uses.
- Assessor’s Parcel Number(s):** 8218-016-009
- Statement of Need:** The proposed project is consistent with the guidelines of the CDBG program. The project provides for the development of affordable senior housing.
- Project Description:** The proposed project involves the acquisition of a 1.77-acre parcel for the development of 74 units of attached senior housing at 15554 Gale Avenue. Each senior unit will include a 540 square-foot one-bedroom apartment. The building will cover about 62,500 square feet. Off-site improvements will include curbs, gutters, sidewalks, driveway, asphalt repair, two curbside drains for water runoff, utility connections, and street trees.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Land Development							
Conformance With Comprehensive Plans and Zoning					X		Approximately one-half of the project site is designated in the Los Angeles County General Plan as "U-4" (urban 4, 12.1-22 du/acre), while the other half is "U-2" (urban 2, 3.3-6 du/acre). The site is zoned "R-2-DP" (2 residences, development program, minimum 5,000 square foot lot and maximum dwelling unit density of 2,500 square feet). The project would either require a development program for a specific development proposal in the zone and a conditional use permit (CUP), which would allow a 50% density increase, or the project would require a zone change to allow for a higher density residential development. Upon approval of the zone change and/or development program and CUP, the proposed project would be consistent with the General Plan and zoning.
Compatibility and Urban Impact	X						The project site is in an area characterized by varied uses, including commercial, retail, and primarily single-family residential development. North of the site, across Gale Avenue, is a warehouse facility, to the east is a commercial/retail shopping center, to the south is a mostly single-family residential area, and to the west are a medical office and some single family homes. All buildings in the adjacent neighborhood are single story, although the height of the warehouse approximates two stories. The proposed project would be of a higher density than most of the surrounding residential uses, but consistent with the neighboring commercial uses. The project would also be taller than most adjacent uses. However, given the existing mix of types of uses and heights and densities in the area, the project would be compatible with the surrounding development, and there would be no adverse urban impacts to the community.
Slope	X						The project site is generally flat. No significant earthmoving is expected with the project.
Erosion	X						Most of the area is covered with dense ruderal vegetation and shrubs, with some areas of dirt. There is no evidence of any substantial erosion problems on-site (b), nor would the project contribute to erosion or sedimentation.
Soil Suitability	X						Most of the area is covered with dense ruderal vegetation and shrubs. There is no evidence of soil suitability problems on the project site (b). Routine soil tests would need to be conducted to determine foundation design parameters for new structures.
Hazards and Nuisances, Including Site Safety	X						The project site does not display any evidence of conditions that may be hazardous or that would affect site safety (b). Adjacent to the southeastern edge of the site is a cell tower. Any nuisance or hazard to the project site from this tower is expected to be less than significant.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas. However, because these resources are available both locally and regionally, no significant impact to the availability of energy resources is expected over the long-term. The project would comply with state energy conservation requirements.
Noise							
Effects of Ambient Noise on Project and Contribution to Community Noise Levels					X		<p>Project construction would generate short-term noise level increases. Local noise ordinances would apply.</p> <p>The project site is located adjacent to a fairly quiet residential neighborhood, but is also bounded on the northern edge by Gale Avenue and the various commercial and retail uses sited along this busy 4-lane roadway. Given the proximity to the Gale Avenue commercial route, and to a lesser extent the adjacent commercial/retail uses, noise levels at the site could exceed HUD's exterior noise threshold of 65 dBA for residential uses. Therefore, noise mitigation measures should be incorporated into the project design to ensure that future residents are not exposed to excessive noise.</p> <p>Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 258 average daily vehicle trips on local roadways (c). However, this increase would not significantly add to roadway noise levels.</p>
Air Quality							
Effects of Ambient Air Quality on Project and Contribution to Community Air Pollutant Levels	X						<p>The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM₁₀). Project residents would therefore be exposed to potentially unhealthful ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (d).</p> <p>Existing SCAQMD regulations restrict the emissions of dust and fumes during construction, and the project would be required to conform to these regulations.</p>
Environmental Design and Historic Values							
Visual Quality - Coherence, Diversity, Compatible Use, and Scale		X					The proposed project would be of a higher density than most of the surrounding residential uses, but consistent with the neighboring commercial/retail uses. The project

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							would also be taller than most adjacent uses. However, given the existing mix of types of uses and heights and densities in the area, the project would be compatible with the surrounding development. Moreover, the addition of a new, landscaped residential complex within this community would likely beneficially contribute to the aesthetics of the area.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations have been completed and are attached as appendices to this environmental assessment. The project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.
Socioeconomic Conditions							
Demographic/Character Changes	X						The proposed project would create new housing opportunities and could accommodate approximately 148 new residents (assuming 2 people per unit). This increase would not change the demographic character of the area.
Displacement	X						Since the site is currently vacant, no displacement of individuals would occur.
Employment and Income Patterns	X						The project would generate short-term employment opportunities during construction. No adverse impacts to employment or income patterns are expected.
Community Facilities and Services							
Educational Facilities	X						The proposed project would create senior housing, which is not expected to affect educational facilities. Any increased demand upon the local educational facilities that may derive from the development would be negligible. The site is within the Hacienda La Puente Unified School District. Shadybend Elementary, Newton Middle School, and Los Altos High School would serve the project, as needed (g).
Commercial Facilities	X						The project would not adversely affect commercial facilities. The additional housing may increase the customer base for existing businesses in the area.
Health Care	X						Senior housing typically generates a relatively high demand for health care services. However, given the limited size of the development, the increase in the demand for health care services in the area is expected to be small. The nearest hospital to the site is the Queen of the Valley in West Covina, approximately 9 miles north of the site (h).
Social Services		X					The proposed project would provide affordable housing for seniors. Given the limited size of the development, there is not expected to be a significant increase in the need for other social services.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Solid Waste					X		<p>Construction activity would generate solid waste in the short-term. All construction activity would be required to implement local policies concerning recycling/reuse of construction wastes.</p> <p>The proposed project would increase the generation of solid waste over existing conditions. This increase is not expected to significantly affect area landfills. Nevertheless, because of ongoing concerns about regional landfill capacity, project design should accommodate solid waste recycling.</p>
Waste Water	X						<p>The proposed project would increase wastewater generation over current conditions. However, as the project site has been designated for residential development in the General Plan and zoning ordinance, and is within an existing urbanized area, wastewater infrastructure has been sized to accommodate urban development similar to that proposed.</p>
Storm Water	X						<p>The project site is mostly covered with dense ruderal vegetation or shrubs, with some vacant dirt areas (b). Project development would increase the amount of impervious surfaces on-site, which could incrementally increase runoff from the site. However, the area storm drain system is in place and has been sized for urban development. On-site storm drain facilities would be installed as part of project development, and would be sized adequately to accommodate runoff from the site.</p>
Water Supply					X		<p>The proposed project would incrementally increase water demand over existing uses. Because of ongoing concerns about water supply in the Southern California region, water conservation measures should be incorporated into the design of the project. The San Gabriel Valley Water Company is the local purveyor of water to the area, and has indicated that it will be able to serve the project (i).</p>
Public Safety Police	X						<p>The Los Angeles County Sheriff's Department's Industry Station, located at 150 North Hudson Avenue in the City of Industry (about 2 miles north of the site), provides police protection services in the project vicinity (e). The proposed project would incrementally increase the demand for police protection services, but impacts are not expected to be significant, given the limited size of the development.</p>
Fire	X						<p>The Los Angeles County Fire Department Station 43 would provide fire protection to the site. It is located at 164 South Stimson Avenue in the City in La Puente, about 1 mile from the project site. The proposed project would slightly increase the demand for fire protection; however impacts are not expected to be significant, given the limited size of the development.</p>

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Emergency Medical	X						The Los Angeles County Fire Department would provide emergency medical services for the project from either Station 26 (in La Puente) or 118 (in City of Industry) (f). Victims could be taken to a number of area hospitals, the closest being the Queen of the Valley in West Covina (approximately 9 miles north of the site) (h). Given the limited size of the development, any increase in demand for services would be less than significant.
Open Space And Recreation							No open space areas are located near the project site. The project would not adversely affect any areas designated as public open space.
Open Space	X						
Recreation	X						The proposed project would not adversely affect any existing or planned recreational facilities. There are numerous parks in the surrounding area that project occupants would be able to utilize. The closest parks are Manzanita Park and Stimson Avenue Park, both less than 1 mile from the site (h). There may be an in the demand for park and recreational facilities, but given the limited size of the development, impacts would not be significant.
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).
Transportation	X						The proposed project would generate approximately 258 average daily vehicle trips (c). This would increase traffic on roadways in the immediate project vicinity, but would contribute minimally to overall traffic levels in the area. Project-generated traffic is less than the 500 daily trips at which the County of Los Angeles normally requires a traffic study.
Natural Features							
Water Resources	X						The proposed project would not affect water resources (b) (h).
Surface Water	X						No surface water is located on-site (b). Therefore, no impacts to surface water would occur.
Watercourses	X						A concrete-channeled drainage borders the eastern edge of the commercial/retail shopping center located just east of the site (b). However, this channel does not border the proposed site. No impact to watercourses is anticipated.
Unique Natural Features and Agricultural Lands	X						The proposed project would not affect any unique natural features. No active agricultural lands are present within or adjacent to the project area (b).
Vegetation and Wildlife	X						The project site contains dense, tall (up to 3 feet) ruderal vegetation (wild radish, oats, thistle, and other species). There are some shrubs on the site, and a mature tree at the western edge of the center portion of the site. Birds were observed in vegetation along the perimeter of the site. No other animal or bird species were observed. No important biotic communities were observed on the site, nor are they

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							expected to be present, given the site's setting in an urban environment (b). Therefore, the project is not expected to affect sensitive vegetation or wildlife.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					X	Historic and archaeological assessments have been conducted and are attached as appendices to this environmental assessment. Though archaeological resources are not known on-site, work should be halted temporarily in the event that as yet undiscovered resources are uncovered during grading.
2. Floodplain Management 42 FR 26951	X					The project site is characterized as zone "C" on the FEMA Federal Insurance Rate Map, which is considered to have minimal flood potential (j).
3. Wetlands Protection 42 FR 26951	X					No wetlands are located on or near the project site (b).
4. Coastal Zone Plan 16 U.S.C. 1451	X					The project site is not located in a coastal zone (b).
5. Sole Source Aquifers 42 U.S.C. 201, 300(g) and 21 U.S.C. 349	X					No impact to primary drinking water sources is anticipated.
6. Endangered Species 16 U.S.C. 1531	X					The project site is in an urbanized area. No endangered species are located in the area.
7. Wild and Scenic Rivers 16 U.S.C. 1271	X					No wild or scenic rivers are located in the site vicinity (b).
8. Air Quality Protection 42 U.S.C. 7401	X					The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM ₁₀). Project residents would therefore be exposed to potentially unhealthful ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (d). Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.
9. Farmland Protection 7 U.S.C. 4201	X					No agricultural uses are located on-site or in the vicinity of the project (b).
10. Environmental Justice Executive Order 12898	X					The project would provide additional employment opportunities in the community during construction and would provide low-income housing options for area seniors. The project would not expose low-income or minority populations to any environmental justice concerns.

HUD - NEPA - Environmental Assessment

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Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
11. HUD Environmental Standards, 24 CFR 51 as amended						
a. Noise Abatement 24 CFR 51B					X	<p>Project construction would generate short-term noise level increases. Local noise ordinances would apply.</p> <p>The project site is located adjacent to a fairly quiet residential neighborhood, but is also bounded on the northern edge by Gale Avenue and the various commercial and retail uses sited along this busy 4-lane roadway. Given the proximity to the Gale Avenue commercial route, and to a lesser extent the adjacent commercial/retail uses, noise levels at the site could exceed HUD's exterior noise threshold of 65 dBA for residential uses. Therefore, noise mitigation measures should be incorporated into the project design to ensure that future residents are not exposed to excessive noise.</p> <p>Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 258 average daily vehicle trips on local roadways (c). However, this increase would not significantly add to roadway noise levels.</p>
b. Landfill Hazards CPD Letter 79-33	X					The project site is not subject to any known landfill hazards (b).
c. Upset Hazards 24 CFR 51B	X					The project site is not subject to any known upset hazards (b).
d. Flammable Oper. 24 CFR 51C	X					The project site is not subject to any known flammable operations or explosives (b).
e. Toxic/Radioactivity HUD Notice 79-33	X					The project site is not subject to any known toxic substances or radioactivity (b).
f. Airport Clear Zones 24 CFR 51D	X					The project site is not near an airport, and is not located in an airport clear zone (h).

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Summary of Findings and Conclusions:

The proposed project involves the development of a 74-unit attached senior housing complex. The site is zoned "R-2-DP" - residential minimum 5,000 square feet/lot and maximum 2,500 square feet per dwelling unit, "development program." One portion of the site is designated in the General Plan as "U-4" - urban, 12.1-22 dwelling units per acre, while the other portion is "U-2" - urban, 3.3-6.0 dwelling units per acre. The proposed project would require a zone change to allow for a higher density residential development, or this could be accomplished through approval of a specific development proposal as part of the development program, along with a conditional use permit that would allow a 50 percent density increase. Upon such approvals, the project would be consistent with the land use designations and zoning.

The project site is located in an area characterized by office, commercial and residential development. The proposed project would generally be compatible with the scale and visual character of the surrounding area, although the project would be at a higher density than the surrounding residential development. The project would not generate any significant noise impacts. Because of its location along a major roadway and adjacent to commercial and retail uses, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required.

The site is vacant and generally flat. No watercourses or water resources are located on-site or in the immediate project area, with the exception of a concrete channeled drainage, which borders the eastern edge of the parcel that is adjacent to the site on the east. The project is located in an area considered to have a minimal flooding potential.

The site supports dense, ruderal vegetation and some shrubs, along with a mature tree. Birds were observed in vegetation adjacent to the site, however no threatened or endangered wildlife was observed, nor is it expected to occur, given the site's setting in an urban area.

The project would not significantly affect public facilities or public services in the area. Implementation of the project would create short-term employment opportunities during construction, but would not affect long-term employment patterns. The proposed project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

The proposed project would not consume substantial quantities of water or energy, or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design.

The project would conform to all applicable federal, state, and regional air pollution control regulations, both short- and long-term, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-generated traffic would not significantly affect local roadways. The site does not contain any known hazards, nor is the project expected to create hazards.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

Summary of Environmental Conditions:

The project site is currently vacant, and heavily vegetated with ruderal species, along with some shrubs and a mature tree. No wildlife was observed on-site, although birds were observed in trees bordering the site.

Project Modifications and Alternatives Considered:

No unavoidably significant impacts were identified for the proposed project. Therefore, project alternatives or modifications have not been considered.

Mitigation Measures Required:

The following mitigation measures are required:

1. **Conformance with Plans and Zoning.** Approval of a development program for a specific development proposal in the R-2-DP zone and a conditional use permit (CUP) to allow higher density residential development shall be obtained, or a zone change or other appropriate administrative procedure to allow for a higher density residential development shall be approved, prior to issuance of a building permit.
2. **Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
 - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
 - Windows and sliding glass doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).
 - Exterior doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be solid-core with perimeter weather stripping and threshold seals.
3. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.

6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

References:

- a. Los Angeles Department of Regional Planning, personal communication, June 17, 2003. (CONTACT)
- b. Allison Cook, Rincon Consultants, Site Visit, June 17, 2003. (FIELD)
- c. Institute of Transportation Engineers, Trip Generation, 6th Edition, 1997. (PRINTED)
- d. South Coast Air Quality Management District (November 1999), CEQA Air Quality Handbook. (PRINTED)
- e. Los Angeles County Sheriff's Department, June 12, 2003. (ELECTRONIC)
- f. Los Angeles County Fire Department, personal communication, June 17, 2003. (CONTACT)
- g. Hacienda La Puente Unified School District, personal communication, June 16, 2003. (CONTACT)
- h. Thomas Brothers Maps, Los Angeles County, 2003. (PRINTED)
- i. San Gabriel Valley Water Company, personal communication, June 17, 2003. (CONTACT)
- j. Los Angeles County Public Works Department, personal communication, June 19, 2003 (CONTACT)

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

1. Is the project in compliance with applicable laws and regulations? Yes No
2. Is an EIS required? Yes No
3. A Finding of No Significant Impact (FONSI) can be made. The project will not significantly affect the quality of the human environment. Yes No

Basic Reasons Supporting Decision:

The proposed project involves the development of a 74-unit attached senior housing complex. The site is zoned "R-2-DP" - residential minimum 5,000 square feet/lot and a maximum density of 2,500 square feet per dwelling unit, "development program." One portion of the site is designated in the General Plan as "U-4" - urban, 12.1-22 dwelling units per acre, while the other portion is "U-2" - urban, 3.3-6.0 dwelling units per acre. The proposed project would require a zone change to allow for a higher density residential development, or this could be accomplished through approval of a specific development proposal as part of the development program, along with a conditional use permit that would allow a bonus of up to a 50 percent density increase. Upon approval of the zone change, the project would be consistent with the land use designations and zoning.

The project site is located in an area characterized by office, commercial and residential development. The proposed project would generally be compatible with the scale and visual character of the surrounding area, although the project would be at a higher density than the surrounding residential development. The project design, including proposed landscaping, would improve the aesthetic character of the neighborhood. The project would not generate any significant noise impacts. However, because of its location along a major roadway and adjacent to commercial and retail uses, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required.

The site is vacant, and generally flat. No watercourses or water resources are located on-site or in the immediate project area, with the exception of a concrete channeled drainage, which borders the eastern edge of the parcel that is adjacent to the site on the east. The project is located in an area considered to have minimal flooding potential.

The site supports dense, ruderal vegetation and some shrubs, along with a mature tree. Birds were observed in vegetation adjacent to the site, however, no sensitive biotic communities or threatened or endangered wildlife were observed on the site, nor are they expected to occur. No other sensitive natural or biological resources are located on or near the site.

The project would not significantly affect public facilities and services. Implementation of the project would create short-term employment opportunities during construction, and would not affect long-term employment patterns. The proposed project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design.

The project would conform to all applicable federal, state, and regional air pollution control regulations, both short- and long-term, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-generated traffic would not significantly affect local roadways. The project is not expected to expose individuals to any hazards.

The following mitigation measures are required:

- 1. Conformance with Plans and Zoning.** Approval of a development program for a specific development proposal in the R-2-DP zone and a conditional use permit (CUP) to allow higher density residential development shall be obtained, or a zone change or other appropriate administrative procedure to allow for a higher density residential development shall be approved, prior to issuance of a building permit.
- 2. Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
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 - Exterior doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be solid-core with perimeter weather stripping and threshold seals.
- 3. Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
- 4. Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Harmony Creek Apartments/HOME

5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
- To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

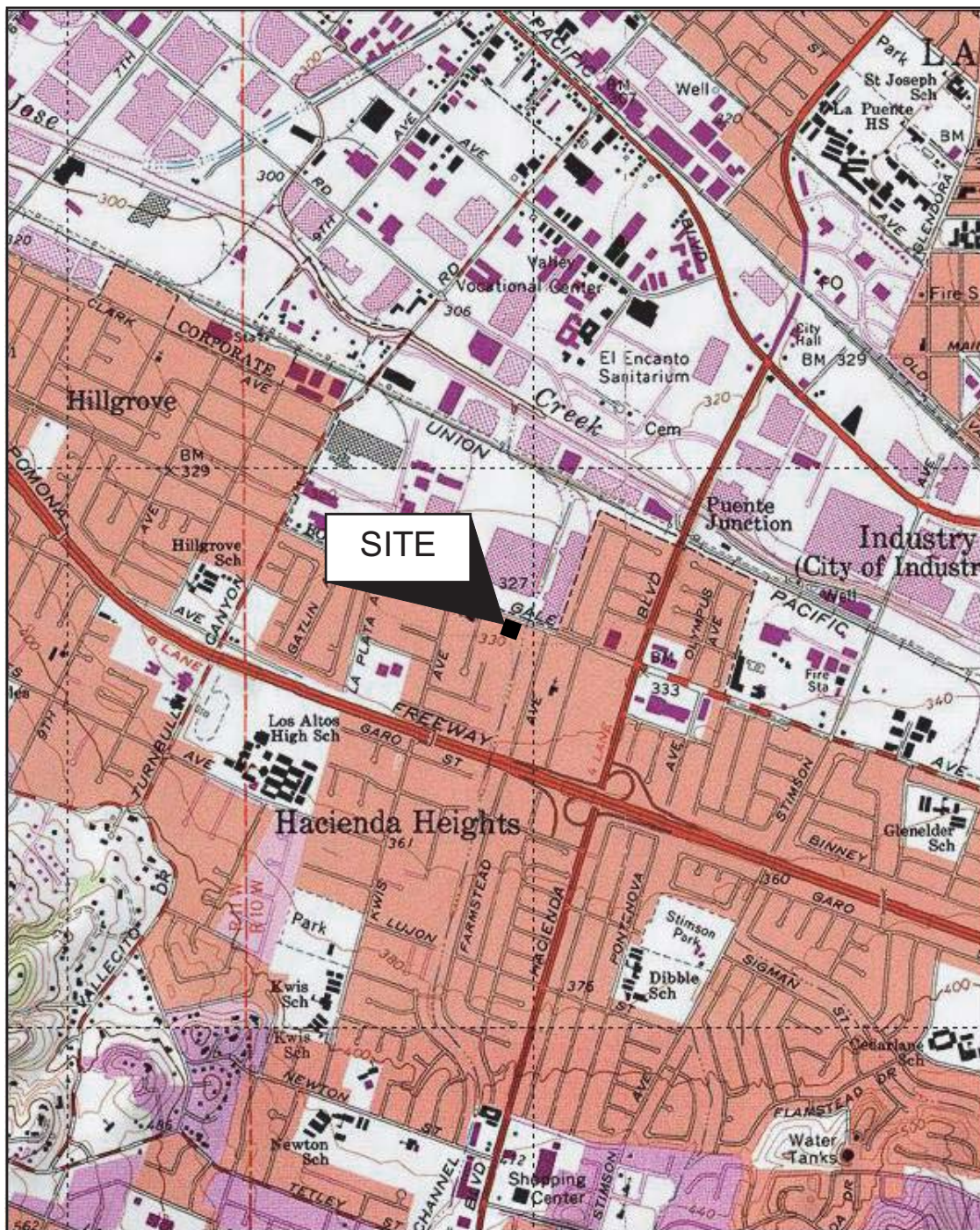
The proposed project is not expected to contribute to significant impacts to the environment, and a Finding of No Significant Impact can be made.

Prepared by:	<u>Allison Cook</u>	Title:	<u>Environmental Analyst</u>
Date:	<u>June 20, 2003</u>		
Concurred in:	<u>Donald Dean</u>	Title:	<u>Environmental Officer, Community</u>
Date:	<u>July 11, 2003</u>		<u>Development Commission of the</u> <u>County of Los Angeles</u>

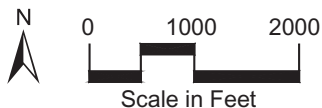


Regional Location

Figure 1
LACDC



Source: National Geographic TOPOI, 2001, Baldwin Park, CA 1981



Project Location

Figure 2
LACDC



Photo 1 - View of the site from across Gale Avenue looking south.



Photo 2 - View looking southwest across the site to the residential and commercial developments bordering the site on the west.



Photo 3 - View of residences bordering the site on the south.



Photo 4 - View looking southeast from across Gale Avenue showing the site and adjacent commercial/retail developments on the eastern boundary.

Site Photographs

Figure 3
LACDC

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name: Harmony Creek Apartments	Location: 15554 Gale Avenue, Hacienda Heights, Los Angeles County	Thomas Bro. Grid: Pg. 678-C2	Assessor Parcel No. 8218-016-009	CDC Contact: Donald Dean Environmental Officer (323) 838-5042
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This report was prepared at the request of Donald Dean of the Los Angeles County Community Development Commission (CDC). It presents the results of a Phase I archaeological investigation conducted by Conejo Archaeological Consultants for the Harmony Creeks Apartment Project. Federal funds will be used in the construction of 74 units of affordable senior housing and one manager's unit on a vacant 1.77 acres site at 15554 Gale Avenue in the unincorporated Hacienda Heights area of Los Angeles County (Exhibits 1, 2 & 3). Off-site improvements will include curbs, gutters, sidewalks, driveway, asphalt repair, two curbside drains for water runoff, utility connection, and street trees.

This archaeological study was undertaken in compliance with the National Historic Preservation Act (NHPA), the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). This study also meets the cultural resource guidelines, policies and procedures as established by the United States Department of Housing and Urban Development (HUD), and the Los Angeles County Planning Department.

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results, field survey findings and past ground disturbance, no impacts to cultural resources are anticipated from project development. Therefore, no further archaeological investigations are warranted prior to or during project implementation. In the event that buried cultural materials are encountered during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until a qualified archaeologist can evaluate the nature and significance of the find, as detailed in Section VI of this report.

III. ENVIRONMENTAL SETTING

Physical Environment: The project's area of potential effect (APE) consists of a rectangular shaped vacant lot (Exhibit 2). Gale Avenue borders the 1.77-acre APE to the north, commercial development and a vacant lot to the east, residential development to the south, and by residential and commercial development to the west. The APE is covered by weedy vegetation that is dominated by non-native annual grasses. Two ornamental trees are also located on the property. No stands of native vegetation are located within or adjacent to the project site. The project site

was mowed recently. The ground surface throughout the APE was previously disturbed by the construction and demolition of four residential units and a commercial building that once stood on the parcel.

Cultural Environment:

Prehistory. The project site lies within the historic territory of the Native American group known as the Gabrielino, one of the wealthiest, most populous, and most powerful ethnic nationalities in aboriginal southern California (Bean and Smith 1978). The Gabrielino followed a sophisticated hunter-gatherer lifestyle and were a deeply spiritual people (McCawley 1996). The Gabrielino territory included the Los Angeles Basin (which includes the watersheds of the Los Angeles, San Gabriel, and Santa Ana Rivers), the coast from Aliso Creek in the south to Topanga Creek in the north, and the four southern Channel Islands. For in depth information on the Gabrielino, the reader is referred to McCawley's (1996) *The First Angelinos, The Gabrielino Indians of Los Angeles*.

History. Hacienda Heights is located within the historic boundaries of Rancho La Puente, a 48,790-acre tract owned by the San Gabriel Mission. John Rowland and William Workman purchased the title to the rancho in 1841. The two men divided their holdings in 1951 and Workman later lost his property rights to Elias J. Baldwin. Baldwin and his heirs went on to subdivide their holdings. In 1912, Edwin Hart and Jed Torrance purchased 1,826-acres from Anita Baldwin and further subdivided the area, naming the general project area North Whittier Heights. The area was known for its avocado, citrus and walnut crops. Following World War II the land use began to shift from agricultural to residential suburb. North Whittier Heights changed its name to Hacienda Heights in 1961 (<http://www.pe.net/~rksnow/cacountyhaciendaheights.htm#history>).

Four residential units and a commercial building previously stood on the project site (Triem personal communication).

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle – Baldwin Park	June 16, 2003 Conducted by Mary Maki
National Register of Historic Places (NRHP) California Historic Landmarks	National Park Service 2003 2003 Office of Historic Preservation California Dept. Parks and Recreation
California State Historic Resources Inventory	Updated quarterly 2003 Office of Historic Preservation California Dept. Parks and Recreation

Results:

No prehistoric sites are recorded within a one-half mile radius of the project site. Two historic sites, 18-6112 and 19-2927, are recorded within a one-half mile radius of the project site. Site 18-6112 is the Union Pacific Railroad, which is located approximately 0.25 miles north of the project site; the railroad will not be impacted by project implementation. Site 19-2297 is the Homestead Museum, a six-acre historic landmark, which documents a century of southern California history and culture. The Homestead Museum is located at the outer edge of the half-mile radius and will not be impacted by project construction.

Four surveys are recorded within a one-half mile radius of the project site. None of the surveys included any portion of or were adjacent to the APE.

The listings of the National Register of Historic Places (NRHP), California Historical Landmarks, California Points of Historical Interest, and California State Historic Resources Inventory (HRI) include no properties within or immediately adjacent to the APE.

Historian Judy Triem is in the process of conducting a Section 106 evaluation of the project's built environment (Triem personal communication).

V. FIELD METHODS

The APE was visited by Mary Maki, M.A. on June 16, 2003 and discovered to be completely overgrown with weeds. Ms. Maki contacted Mr. Dean who arranged for the site to be mowed on June 24, 2003. Ms. Maki surveyed the site on June 25, 2003 (Exhibits 2 & 3). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 14 years archaeological experience in southern California.

Linear transects spaced three meters (10 feet) apart were used to survey the APE. Within each transect a zigzag pattern was walked to maximize ground surface coverage. The APE boundaries were clearly delineated by a fence line. The parcel has been recently disked and ground surface visibility was fair. A sandy - silty soil with some rocks covered the relatively flat project site. Past ground disturbances throughout the APE include grading for the construction and demolition of the parcel's former development.

No evidence of prehistoric or historic resources was observed within the APE. Modern trash and remnants of former structures (consisting of some brick and concrete fragments) were scattered across the property.

VI. REMARKS

Based on the record search, field survey results and past ground disturbance, the proposed project is expected to have no impact on cultural resources. Therefore, no further archaeological investigation is warranted prior to or during project implementation. Since an archaeological survey can only confidently assess the potential for encountering surface cultural resource remains, the following two recommendations should be incorporated as conditions of project approval:

1. In the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters of the find must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino representative should monitor any mitigation excavation associated with Native American materials.
2. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

VII. CERTIFICATION

Prepared By: Mary K. Maki	Title: Principal Investigator	Qualification: RPA Certified 14 Years So. CA arch experience
Signature:		Date: June 25, 2003

VIII. MAPS

Project Vicinity USGS 7.5' Baldwin Park Quadrangle Archaeological APE

IX. PHOTOGRAPHS

Yes **No** **Attached Yes** **No** (See Title Page)

X. CITATIONS

Bean, Lowell John and Charles R. Smith

1978 Gabrielino. In *Handbook of North American Indians: California*, Volume 8. Edited by R.F. Heizer, pp. 505-508. W.G. Sturtevant, general editor. Smithsonian Institution, Washington D.C.

McCawley, William

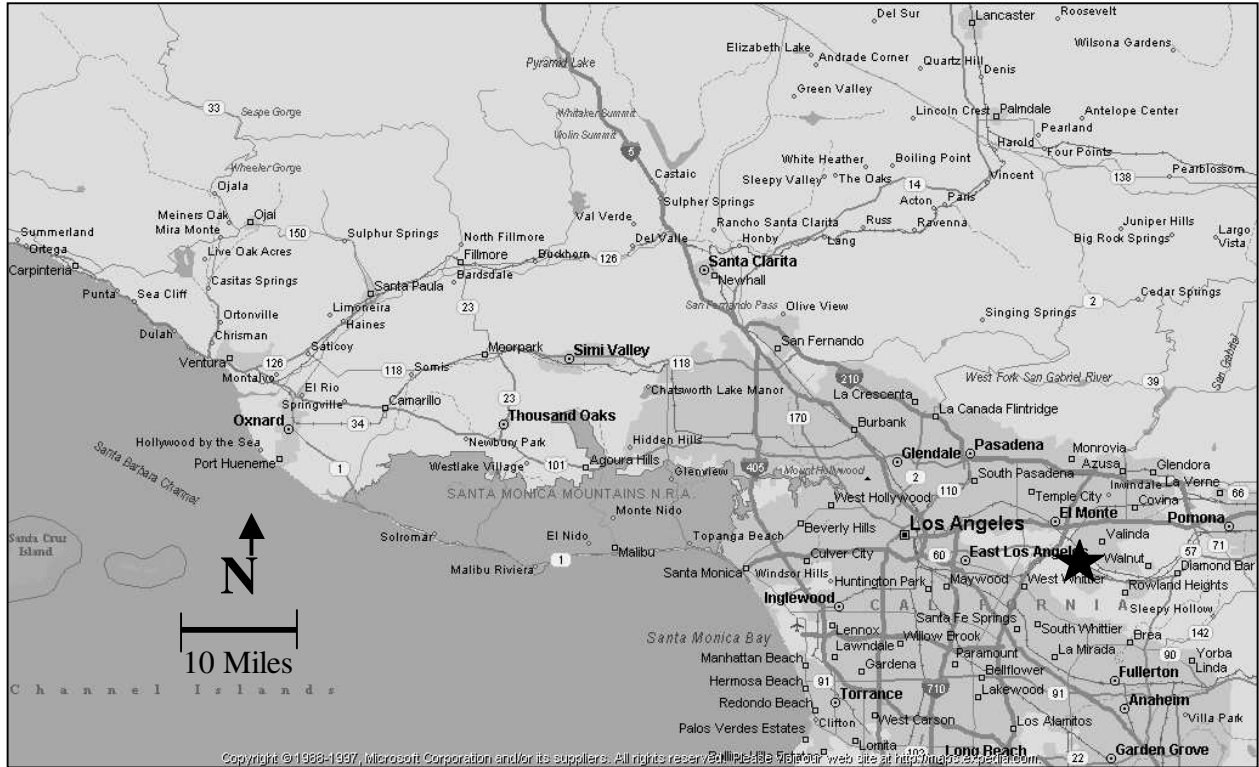
1996 *The First Angelinos, The Gabrielino Indians of Los Angeles*. Malki Museum

**Conejo Archaeological Consultants
Harmony Creek Apartments Project
Negative Phase I Archaeological Survey**

Press, Morongo Indian Reservation, Banning, California.

Individuals and Institutions Contacted

Triem, Judy, Historian, San Buenaventura Research Consultants, telephone conversation June 20, 2003.

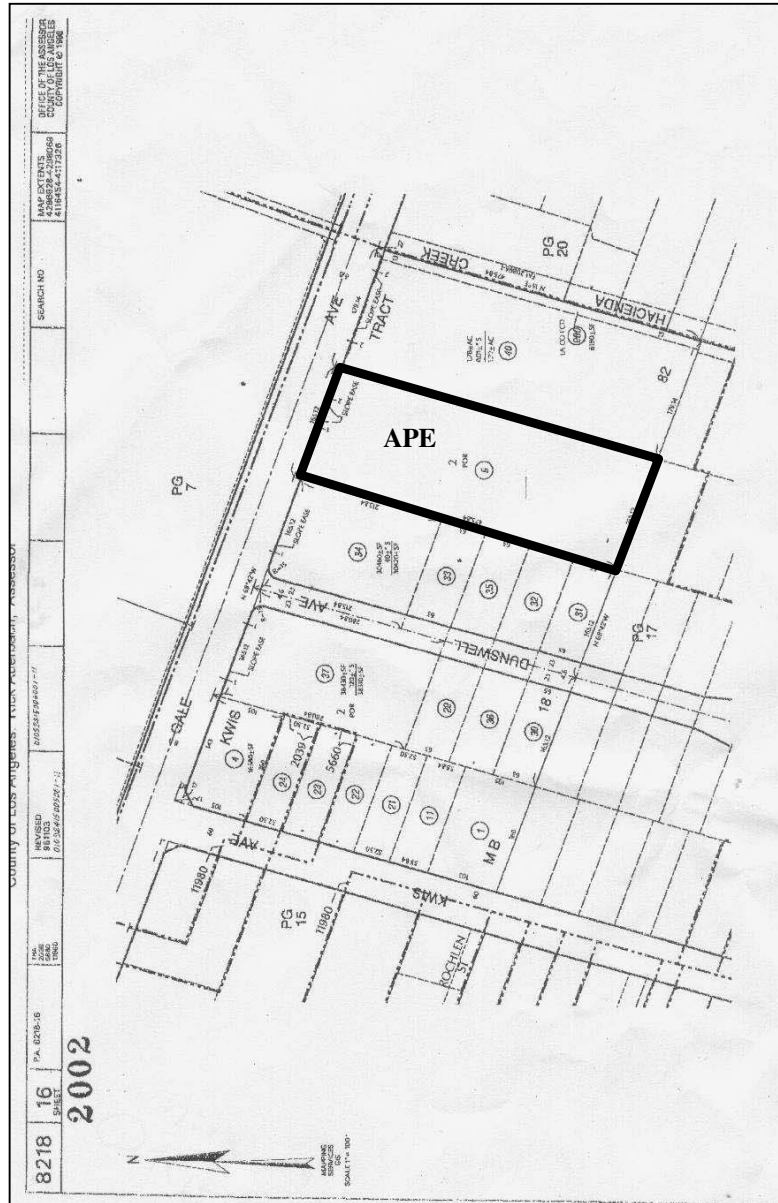


Source: Microsoft Streets 98

PROJECT VICINITY MAP
Harmony Creek Apartments Project
1554 Gale Avenue
Hacienda Heights, Los Angeles County, California

Exhibit 1

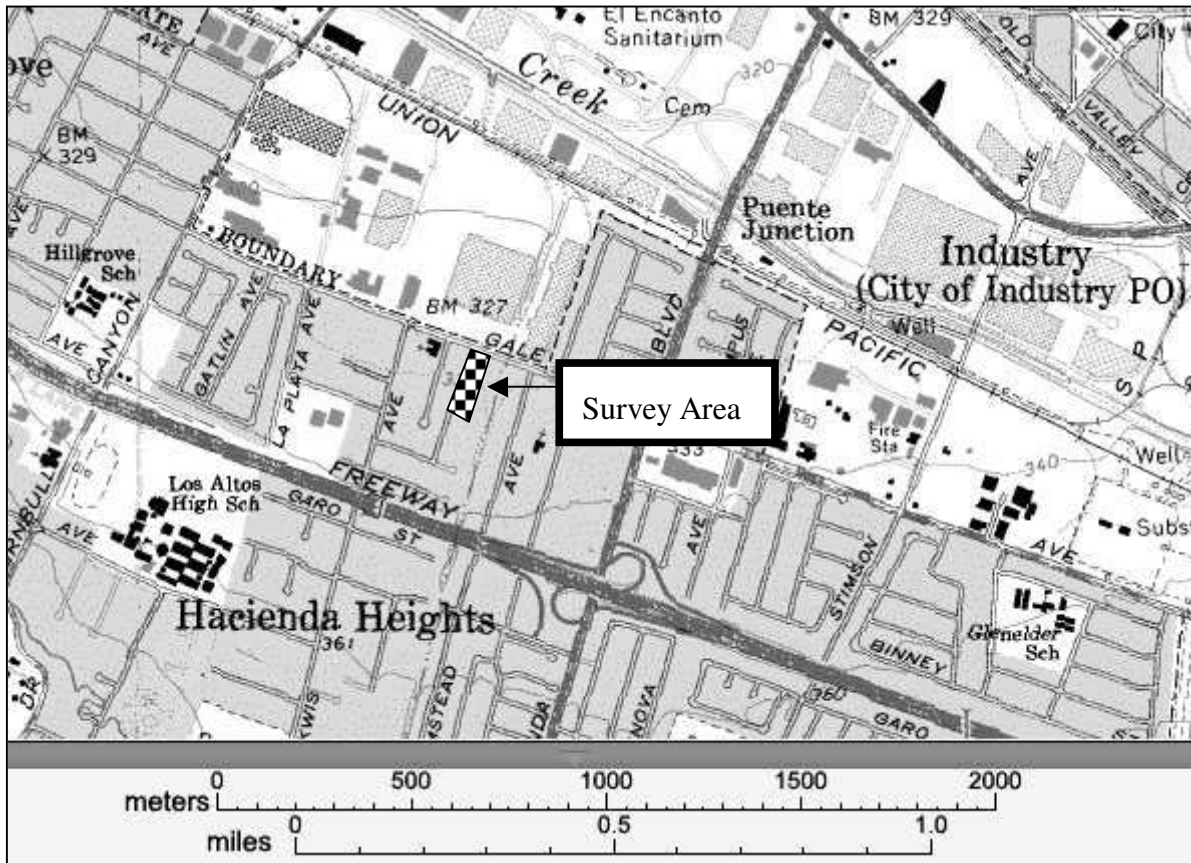
Conejo Archaeological Consultants
Harmony Creek Apartments Project
Negative Phase I Archaeological Survey



Source: <http://assessor.co.la.ca.us/>

AREA OF POTENTIAL EFFECT
Harmony Creek Apartments Project
15554 Gale Avenue
Hacienda Heights, Los Angeles County, California

Exhibit 2



USGS 7.5' Baldwin Park 1966, 1981

CULTURAL RESOURCES SURVEY AREA
Harmony Creek Apartments Project
15554 Gale Avenue
Hacienda Heights, Los Angeles County, California

Exhibit 3

SAN BUENAVENTURA RESEARCH ASSOCIATES

MEMORANDUM

1328 Woodland Drive • Santa Paula CA • 93060

805/525-1909
Fax 805/525-1597
sbra@historicresource.com
www.historicresources.com

To: Joe Power, Rincon Consultants
From: Judy Triem, San Buenaventura Research Associates
Date: 17 June 2003
Re: **Section 106 Evaluation, 15554 Gale Avenue, Hacienda Heights**

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to construct 74 units of senior housing and one manager's unit on a vacant 1.77 acre site at 15554 Gale Avenue in the Unincorporated Hacienda Heights area of Los Angeles County. Each unit will contain 540 square feet with a total building coverage of 62,500 square feet.

Off-site improvements will include curbs, gutters, sidewalks, driveway, asphalt repair, 2 curbside drains for water runoff, utility connections and street trees.

The criteria for determining adverse effects on historic resources are established by the National Historic Preservation Act of 1966, and by standards published by the National Park Service in connection with the National Register of Historic Places. The relevant definition contained within the Act (36 CFR 800) is:

§ 800.5 (a)(1) Criterion of Effect: An adverse effect is found when an undertaking may alter, directly or indirectly, any of the characteristics of a historic property that qualify the property for inclusion in the National Register in a manner that would diminish the integrity of the property's location, design, setting, materials, workmanship, feeling, or association. Consideration shall be given to all qualifying characteristics of a historic property, including those that may have been identified subsequent to the original evaluation of the property's eligibility for the National Register. Adverse effects may include reasonably foreseeable effects caused by the undertaking that may occur later in time, be farther removed in distance or be cumulative.

The minimum age criterion for the National Register of Historic Places (NRHP) is 50 years. Properties less than 50 years old may be eligible for listing on the NRHP if they can be regarded as "exceptional," as defined by the NRHP procedures.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site itself (APN 8218-016-009), the adjacent properties and the property across Gale Avenue.

3. Description of Location of Undertaking

The project site at 15554 Gale Avenue is a long narrow vacant lot containing 1.77 acres. Adjacent to the property on the west is a one story office building (Gale Dental Center) built in the 1970s. Adjacent to the Dental Center is a parking lot and Dunswell Avenue. Along Dunswell Avenue are single family residences from the 1950s.

Adjacent to the project site on the east is a strip mall (Gale-Hacienda Center) built in the 1960s or 1970s. Across Gale Avenue from the project site is a large industrial building from the 1980s.

4. Historic Resources/National Register Determination

Historical Background

Hacienda Heights was originally part of the 48,790 acre Rancho La Puente, that formerly belonged to the San Gabriel Mission. The land was acquired by John Rowland and William Workman in 1845, who began to develop the area for ranching and farming. Following their deaths in the 1870s, the land was bought and eventually subdivided into the communities of Hacienda Heights and La Puente, among others. The La Puente Valley, which Hacienda Heights is a part, was known for its abundance of citrus, walnut and avocado crops and maintained its agricultural character along with industrial areas for oil until World War II. Following the war, there was a building boom that led to the eventual loss of agriculture.

The present development within the project site and surrounding area reflects the growth of the 1950s and later. Today the project site is a vacant lot that previously contained four residential units and one commercial unit built in 1957. Gale Avenue is the northern boundary of Hacienda Heights. The north side of Gale Avenue is in the City of Industry.

The adjacent residences within the APE are all less than fifty years of age and none of them are exceptional enough architecturally or historically to qualify for listing on the National Register of Historic Places.

The criteria for determining eligibility for listing on the National Register of Historic Places (NRHP) have been developed by the National Park Service. Properties may qualify for NRHP listing if they:

- A. are associated with events that have made a significant contribution to the broad patterns of our history; or
- B. are associated with the lives of persons significant in our past; or
- C. embody the distinctive characteristics of a type, period, or method of construction or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- D. have yielded, or may be likely to yield, information important in prehistory or history.

According to the National Register of Historic Places guidelines, the "essential physical features" of a property must be present for it to convey its significance. Further, in order to qualify for the NRHP, a resource must retain its integrity, or "the ability of a property to convey its significance."

The seven aspects of integrity are: Location (the place where the historic property was constructed or the place where the historic event occurred); Design (the combination of elements that create the form, plan, space, structure, and style of a property); Setting (the physical environment of a historic property); Materials (the physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration to form a historic property); Workmanship (the physical evidence of the crafts of a particular culture or people during any given period of history or prehistory); Feeling (a property's expression of the aesthetic or historic sense of a particular period of time), and; Association (the direct link between an important historic event or person and a historic property).

The minimum age criteria for the National Register of Historic Places (NRHP) is 50 years. Properties less than fifty years old may be eligible for listing on the NRHP if they can be regarded as "exceptional."

In conclusion, there are presently no known buildings listed or eligible for listing on the National Register within the APE .

5. Information from Local Organizations

No information was collected from local organizations.

6. Selected Sources

California Historical Landmarks, 1990

Dataquick Computerized Real Estate Information

Ethnic Survey, Los Angeles County entries.

Federal Register Listings through January, 2003

Gebhard, David and Winter, Robert, *Guide to Architecture in Los Angeles*, 1985.

"La Puente Valley Community History." <http://www.colapublib.org/history/lapuente/>



SITE LOCATION

15554 Gale Avenue, Hacienda Heights

Source: USGS 7.5 Minute Quadrangle, Baldwin Park (1966, rev. 1981)



PHOTO 1. 15554 Gale Avenue, project site, facing south (June 5, 2003).



PHOTO 2. Building adjacent to project site on the west, facing east (June 5, 2003).



PHOTO 3. Building adjacent to project site on the east, facing west (June 5, 2003).



PHOTO 4. Residences along Dunswell Avenue, facing south (June 5, 2003).



PHOTO 5. Industrial building across Gale Avenue from project site, facing north (June 5, 2003).

APPENDIX A

Mitigation Monitoring Plan
Harmony Creek Apartments Project

This section reflects the mitigation monitoring and reporting program requirements of Public Resources Code Section 21081.6 in accordance with CEQA Guidelines 15097:

“...In order to ensure that the mitigation measures and project revisions identified in the EIR or negative declaration are implemented, the public agency shall adopt a program for monitoring or reporting on the revisions which it has required in the project and the measures it has imposed to mitigate or avoid significant environmental effects. A public agency may delegate reporting or monitoring responsibilities to another public agency or to a private entity which accepts the delegation; however, until mitigation measures have been completed the lead agency remains responsible for ensuring that implementation of the mitigation measures occurs in accordance with the program.”

Mitigation Measure	Responsible Party	Monitoring Agency	Monitoring Timing
<p>Historic, Cultural, and Archaeological Resources: No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project’s archaeological area of potential effect must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner will have 24 hours to notify the Native American Heritage Commission</p>	Contractor	Community Development Commission	Construction
<p>Solid Waste Recycling: Project design shall incorporate space for separate bins</p>	Architect	Community Development	Design

for waste and recyclable materials.		Commission	
<p>Water Supply:</p> <p>a. Any proposed landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.</p> <p>b. Structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.</p>	<p>Landscape Architect</p> <p>Architect/Contractor</p>	<p>Community Development Commission</p> <p>Community Development Commission</p>	<p>Design/Operation</p> <p>Construction</p>
<p>Noise: In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:</p> <p>a. Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.</p> <p>b. Windows and sliding glass doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).</p> <p>c. Exterior doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be solid-core with perimeter weather stripping and threshold seals.</p>	<p>Architect/Contractor</p> <p>Contractor</p> <p>Contractor</p>	<p>Community Development Commission</p> <p>Community Development Commission</p> <p>Community Development Commission</p>	<p>Construction</p> <p>Construction</p> <p>Construction</p>
<p>Conformance with Plans and Zoning: Approval of a development program for a specific development proposal in the R-2 DP zone and a conditional use permit (CUP) to allow higher density residential development shall be</p>	<p>Community Development Commission/Contractor</p>	<p>Community Development Commission</p>	<p>Pre-Construction</p>

<p>obtained, or a zone change or other administrative procedure shall be approved, prior to issuance of a building permit. Zone change approval, or other administrative approval, to allow for residential development on the portion of the site currently zoned for light manufacturing (M-1) shall be obtained prior to issuance of a building permit.</p>			
<p>Additional Modifications: Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.</p>	<p>Contractor/Operator</p>	<p>Community Development Commission</p>	<p>Design, Pre-Construction, Construction and Operation</p>

HOME PROGRAM LOAN AGREEMENT (HE0074)

by and between the

**COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

a public body corporate and politic

and

HACIENDA SENIOR PARTNERS, L.P.,

a California limited partnership

for a loan in the principal amount of

up to **\$4,400,000**

_____, 2003

TABLE OF CONTENTS

1.0	<u>HOME LOAN</u>	3
2.0	<u>HOME PROMISSORY NOTE; HOME LOAN REPAYMENT</u>	3
2.1	<u>HOME NOTE</u>	3
2.2	<u>BASIC INTEREST</u>	3
2.3	<u>PAYMENT DATES AND AMOUNTS</u>	4
2.4	<u>PAYMENTS DUE ON TRANSFER OR REFINANCE</u>	4
3.0	<u>ACCELERATION</u>	4
4.0	<u>PREPAYMENT; APPLICATION OF PAYMENTS</u>	4
5.0	<u>SECURITY AND SOURCE OF PAYMENT</u>	5
6.0	<u>ESCROW; CONDITIONS TO FUNDING THE HOME LOAN</u>	5
7.0	<u>SUPPORTIVE SERVICES</u>	8
8.0	<u>PURPOSE OF HOME LOAN</u>	8
9.0	<u>COVENANTS OF BORROWER</u>	9
9.1	<u>COMPLIANCE WITH LAWS</u>	9
9.2	<u>REVENUE DISCLOSURES</u>	10
9.3	<u>OTHER REPORTS</u>	10
9.4	<u>INDEMNIFICATION</u>	10
9.5	<u>AUDIT BY STATE AND FEDERAL AGENCIES</u>	11
9.6	<u>PROGRAM EVALUATION AND REVIEW</u>	11
9.7	<u>HAZARDOUS MATERIALS</u>	11
9.8	<u>INSURANCE</u>	12
9.9	<u>FINANCIAL STATEMENTS; TAX RETURNS</u>	14
9.10	<u>OTHER LOANS</u>	14
9.11	<u>CONSTRUCTION REQUIREMENTS</u>	14
9.12	<u>RELOCATION REQUIREMENTS</u>	14
9.13	<u>ENVIRONMENTAL CONDITIONS</u>	15
10.0	<u>USE OF PROPERTY; LEASING AND MANAGEMENT</u>	15
10.1	<u>LIMITATIONS ON TENANTS</u>	15
10.2	<u>TENANT SELECTION PROCESS; REPORTS AND RECORDS CONCERNING TENANCIES</u>	17
10.3	<u>MANAGEMENT OF PROJECT</u>	17
10.4	<u>OPERATIONS AND MAINTENANCE</u>	17
11.0	<u>BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION</u>	18
11.1	<u>FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES</u>	18
12.0	<u>COMMISSION REQUIREMENTS</u>	19
13.0	<u>INDEPENDENT CONTRACTOR</u>	19
14.0	<u>ASSIGNMENT OF THIS AGREEMENT</u>	19
15.0	<u>EVENTS OF DEFAULT AND REMEDIES</u>	20
15.1	<u>BORROWER EVENTS OF DEFAULT</u>	20
15.2	<u>COMMISSION REMEDIES</u>	21
15.3	<u>NO REMEDY EXCLUSIVE</u>	22
15.4	<u>COMMISSION DEFAULT AND BORROWER REMEDIES</u>	22
16.0	<u>AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES</u>	23
17.0	<u>RIGHT OF ACCESS AND INSPECTION</u>	23
18.0	<u>CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY</u>	24
19.0	<u>AMENDMENTS, CHANGES AND MODIFICATIONS</u>	24
20.0	<u>EXECUTION OF COUNTERPARTS</u>	24
21.0	<u>NOTICES</u>	24
22.0	<u>SEVERABILITY</u>	25
23.0	<u>INTERPRETATION</u>	25
24.0	<u>NO WAIVER; CONSENTS</u>	25
25.0	<u>APPLICABLE POLICIES</u>	25

A.	<u>GOVERNING LAW</u>	25
B.	<u>COMPLIANCE WITH LAWS</u>	25
C.	<u>HOME PROGRAM AND FEDERAL REQUIREMENTS</u>	26
26.0	<u>REPRESENTATIONS AND WARRANTIES OF BORROWER</u>	26
A.	<u>ORGANIZATION AND STANDING</u>	26
B.	<u>ENFORCEABILITY</u>	26
C.	<u>AUTHORIZATION AND CONSENTS</u>	26
D.	<u>DUE AND VALID EXECUTION</u>	26
E.	<u>LICENSES</u>	26
F.	<u>LITIGATION AND COMPLIANCE</u>	26
G.	<u>DEFAULT</u>	27
H.	<u>NO VIOLATIONS</u>	27
I.	<u>NO AFFILIATION WITH LENDERS</u>	27
27.0	<u>APPROVALS</u>	27
28.0	<u>GOOD FAITH AND FAIR DEALING</u>	27
29.0	<u>ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT</u>	28
30.0	<u>ACCESS AND RETENTION OF RECORDS</u>	28

LOAN AGREEMENT

Transaction Summary

Project Name: Harmony Creek Senior Apartments

Borrower Name: Hacienda Senior Partners, L.P.

Limited Partnership LLC Nonprofit Public Benefit Corporation Other _____

HOME Loan Amount: \$4,400,000 Interest Rate: 3% simple, 10% Default

Repayment term: 30 years. Repayment type: residual receipts (prorata share of 65%)

Total Number of Units in Project: 75 Number of HOME-assisted units: 74

Location (Jurisdiction): Incorporated
 Unincorporated County of Los Angeles

Site Acreage: 1.77 acres

Project Type: rental for Seniors 55 years and older Families _____
 special needs (specify: _____)

Use of HOME Loan Funds: Acquisition Construction Permanent Collateral Pledge
 Rehabilitation _____

Affordability 30 years; No./size of HOME units, income levels: 74 HOME units.

	0 Bedroom	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Totals
50% Income*		23				
60% Income*		51				
mkt Income			1 (manager)			
Totals						

* Area Median Income

Other Project Financing Sources / Priority Relative to Commission Loan:

Note: Final funding amounts are subject to change.

- (1) HACOLA Bond Issue (construction) - \$5,500,000 senior junior parity/NA
- (2) Low Income Housing Tax Credit (construction)- \$764,210 senior junior parity/NA
- (3) HACOLA Industry Fund - \$466,192 (proposed)
 (HOME permanent commitment will be reduced by Industry)
- (4) _____ senior junior parity/NA
- (5) _____ senior junior parity/NA

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Loan Agreement shall control.

THIS LOAN AGREEMENT ("Agreement") is made as of the _____ day of _____, 2003, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and HACIENDA SENIOR PARTNERS, L.P., a California Limited Partnership, of which RESIDENTIAL COMMUNITIES INCORPORATED, a California corporation, and LOS ROBLES DEVELOPMENT CORPORATION, a California corporation, are the general partners ("Borrower"). Gateway Community Housing Corporation, a California non-profit public benefit corporation and a Community Housing Development Organization (CHDO), will be the special limited partner during the development phase and will become the Managing General Partner after the Project is placed in service. The Commission and Borrower are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

A. WHEREAS, Borrower desires to borrow the principal amount of FOUR MILLION FOUR HUNDRED THOUSAND Dollars (\$4,400,000) (the "HOME Loan") from the Commission for the purpose of providing acquisition, construction, and permanent financing of a 75 senior unit development, also known as Harmony Creek Senior Apartments, with 74 one-bedroom units income-restricted units for seniors, and a two-bedroom manager's unit. The aforementioned housing development ("Project") is described in the Transaction Summary above, and as more particularly described in this Agreement. The Commission's source of funding for the HOME Loan is provided from the HOME Investment Partnerships Program, 24 CFR Part 92 ("HOME"). The Project will be developed on a site ("Site") commonly known as 15554 Gale Avenue, Hacienda Heights, CA 91745, and legally described on Exhibit "B" to this Agreement. A detailed Project description is attached hereto as Exhibit "F", and reduced site plans and elevations for the Project are attached as Exhibit "G".

B. WHEREAS, other sources of financing for the Project are anticipated to include, but may not be limited to (i) senior lien financing listed in the Transaction Summary above ("Senior Financing"), to which the Commission shall expressly subordinate the lien of the Commission's HOME Deed of Trust; (ii) financing junior in priority to the lien of the Commission's HOME Deed of Trust as listed in the Transaction Summary above ("Junior Financing"); and (iii) other financing sources listed in the Transaction Summary above ("Other Financing").

C. WHEREAS, development and operation of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for persons of low or very low income as described in the Transaction Summary above. If applicable, the Project will provide supportive services to the extent described in Section 7 below and in Exhibit "N".

D. WHEREAS, Borrower agrees to apply for other sources of funding, including but not limited to the Housing Authority of the County of Los Angeles' Industry Program ("Industry Loan"). The HOME Loan amount will be reduced by the Industry Loan amount, if approved. To the extent not otherwise used to pay the costs to develop the Project, available proceeds of Industry Loan amount will be used to reduce the outstanding principal balance of the Loan.

E. WHEREAS, as more particularly provided below, Borrower will deliver to the Commission, among other items, the "HOME Deed of Trust", "HOME Promissory Note" and the "CC&R's" (as those terms are defined below) to, respectively, secure repayment of the HOME Loan by Borrower

as provided herein and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

F. WHEREAS, the Commission desires to make the Loan to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

L O A N A G R E E M E N T

1.0 HOME LOAN {tc \11 "1.0 HOME LOAN}.

Commission agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the HOME Loan to Borrower, to be used solely for the purposes described herein and secured by the HOME Deed of Trust.

The HOME Loan funds will be for the acquisition of the Site and construction of Seventy-Four (74) HOME units in the Project on the Site and for reimbursement and payment of approved predevelopment costs described in Exhibit "H" ("Development Proforma"). This amount will be funded in accordance with Section 6 in an amount not to exceed FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS (\$4,400,000).

2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT{tc \11 "2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT}.

2.1 HOME Note{tc \12 "2.1 HOME Note}.

As one of the conditions to disbursement of the HOME Loan to Borrower under Section 6 below, Borrower shall execute a HOME Promissory Note (the "HOME Note") in the form of Exhibit "C" attached hereto, which HOME Note sets forth terms and conditions for the repayment of the HOME Loan. The HOME Note shall be secured by the "HOME Deed of Trust" as provided below.

2.2 Basic Interest{tc \12 "2.2 Basic Interest}.

The disbursed and unpaid principal balance of the HOME Loan shall bear interest commencing on the date on which such Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty- (360-) day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of ten percent (10%) per annum ("Default Rate").

2.3 Payment Dates and Amounts{tc \12 "2.3 Payment Dates and Amounts}.

As set forth in greater detail in the HOME Note, Borrower shall repay the HOME Loan,

together with accrued interest at the Basic Rate in arrears, in annual installments on the 15th day of March of each calendar year for the previous fiscal year, commencing on March 15, 2006. Absent prepayment or acceleration, each of the annual payments due March 15, 2006 through and including March 15, 2035 ("Maturity Date") shall be in an amount equal to 65% of "Residual Receipts" (as defined in the HOME Note, Section 1.5) for the prior calendar year. If the Borrower successfully competes and secures a commitment of Industry funds in an upcoming allocation of Industry Program, the HOME Loan amount will be reduced by the Industry Loan amount, and the two loans together, Industry and HOME, will share 65% of Residual Receipts, whereby each will be paid a prorata share in proportion to the combined amount of the HOME Loan and Industry Loan. Residual Receipts shall be calculated and reported to Commission annually for each fiscal year no later than March 15th of the following calendar year on forms specified and provided by Commission from time to time. All calculations and records are subject to audit by Commission. Notwithstanding any other provision of the HOME Note or this Agreement, unless due sooner, the entire outstanding principal balance of the HOME Loan together with any outstanding interest and any other sums payable under the HOME Note shall be due and payable in full on the Maturity Date.

The term of this Agreement (the "Term") shall be from the date of this Agreement through and including the Maturity Date; provided, however, that the use restrictions in Section 10 and the nondiscrimination covenants in Section 11 shall extend beyond the Term as provided in those sections.

2.4 Payments Due on Transfer or Refinance{tc \12 "2.4 Payments Due on Transfer or Refinance}.

In addition to the payments provided in Section 2.3 above, and subject to the terms of the Senior Financing, Borrower shall pay to Commission towards (but not to exceed) any outstanding amounts associated with the HOME Loan, the "Applicable Percentage" of "Net Proceeds" of an "Assignment"; and fifty percent (50%) of "Net Refinancing Proceeds" received from a "Refinancing", as such terms are defined in the HOME Note.

3.0 ACCELERATION{tc \11 "3.0 ACCELERATION}.

Notwithstanding the payment terms set forth in Section 2 above, upon the occurrence of any "Event of Default" as set forth in Section 15 below, the entire outstanding principal balance of the HOME Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

4.0 PREPAYMENT; APPLICATION OF PAYMENTS{tc \11 "4.0 PREPAYMENT; APPLICATION OF PAYMENTS}.

At any time after the disbursement of the HOME Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the HOME Loan and accrued interest and any other sums outstanding without penalty.

Borrower hereby agrees and understands that the prepayment of the HOME Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 9, 10, and 11 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding HOME Loan principal or interest thereon) due under the HOME Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" of ten percent (10%) per annum (simple interest), if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the HOME Note.

5.0 SECURITY AND SOURCE OF PAYMENT{tc \11 "5.0 SECURITY AND SOURCE OF PAYMENT}.

Borrower's obligation to repay the HOME Loan and any associated interest and other amounts payable under this Agreement or the HOME Note shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("HOME Deed of Trust"), in the form of Exhibit "D" attached hereto, recorded against Borrower's interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to Commission pursuant to the HOME Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by Commission.

Except to the extent any Event of Default hereunder results directly or indirectly from any willful misconduct, fraud or intentional and material misrepresentation by Borrower in connection with this Agreement or the HOME Loan, the HOME Loan is a nonrecourse obligation of Borrower and in the event of the occurrence of an Event of Default, Commission's only recourse under the HOME Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the HOME Deed of Trust, and any other collateral given to Commission as security for repayment of the HOME Loan such that neither Borrower nor any partner of Borrower shall have personal liability for repayment of the HOME Loan.

6.0 ESCROW; CONDITIONS TO FUNDING THE HOME LOAN{tc \11 "6.0 ESCROW; CONDITIONS TO FUNDING THE HOME LOAN}.

6.1 Except to the extent Commission's Executive Director directs in writing that some or all of the disbursement and/or deliveries shall occur outside of Escrow, disbursement of the HOME Loan proceeds in accordance with this Agreement, delivery of the executed HOME Note to Commission, and recordation of the HOME Deed of Trust and other HOME Loan Documents (as defined in Section 6.2(5) below) to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for this transaction by Commission. Borrower shall obtain Commission's approval of an Escrow Holder and open Escrow not later than 30 days following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

6.2 The obligation of Commission to make disbursements of HOME Loan proceeds under this Agreement shall be expressly subject to satisfaction of all of the following conditions (collectively, the Closing Conditions) on or before the date ("Closing Deadline") which is Ninety (90)

days following the date of this Agreement.

(a) The execution of this Agreement by the Commission and Borrower, and delivery of a fully-executed copy to Escrow Holder;

(b) Borrower's due execution and deposit into Escrow of the HOME Note;

(c) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the covenants, conditions and restrictions ("CC&R's") in the form attached hereto as Exhibit "E";

(d) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the HOME Deed of Trust;

(e) Receipt by the Commission from Borrower of such other documents, certifications and authorizations as are reasonably required by the Commission, in form and substance satisfactory to the Commission, evidencing that (i) this Agreement, the HOME Note, the HOME Deed of Trust, the CC&R's and all other documents given or executed in connection herewith (collectively with this Agreement, the HOME Note, the HOME Deed of Trust and the CC&R's, the "Loan Documents") are duly and validly executed by Borrower and constitute the valid and enforceable obligation of Borrower pursuant to the respective terms, and (ii) the execution and delivery of the Loan Documents, and the performances thereunder by Borrower, will not breach or violate any law applicable or governmental regulation to which Borrower is subject nor constitute a breach of or default under any instrument or agreement to which Borrower may be a party;

(f) First American Title, North American Title, Chicago Title, Stewart Title, or another title company approved by the Commission ("Title Company") shall have assured the Commission in writing that upon recordation of the HOME Deed of Trust there will be provided to the Commission, at Borrower's sole expense, a lender's policy of title insurance (with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as the Commission shall reasonably require) issued by the Title Insurance Company in the amount of the HOME Loan, insuring the Commission's interest in the Property as beneficiary under the HOME Deed of Trust, and specifically insuring that the lien of the HOME Deed of Trust and the CC&R's against the Property are subject only to the Senior Financing and any exceptions to title applicable to the Property which were expressly approved in writing by the Commission (collectively with the Senior Financing, "Permitted Senior Encumbrances"). Standard lender's title insurance coverage (without the need for a survey) will be accepted by the Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to the Commission;

(g) Borrower, the Commission, and any lender, creditor or lienholder with respect to the Junior Financing and Other Financing which is of record in the Los Angeles County Recorder's office (if applicable) have each duly executed (with notary acknowledgment) and deposited into Escrow for recordation at the Close of Escrow a subordination agreement ("Subordination Agreement") in the form attached hereto as Exhibit "M", confirming the senior lien priority of the Commission's HOME Deed of Trust;

(h) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Financing, Other Financing, or Junior Financing, and Borrower has demonstrated to the satisfaction of the Commission Executive Director (or his designee) that all financing sources for acquisition, construction, and operation of the Project, including but not limited

to Borrower's equity, are or will be available in sufficient amounts to provide for full and timely completion and ongoing operation of the Project;

(i) Borrower shall have commenced or be ready to commence Project construction, and shall have furnished Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is an amount not less than fifty (50%) of the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to Commission, is in form and content reasonably approved by Commission, has been recorded in the Official Records of Los Angeles, and names Commission as an additional obligee; and (C) a performance bond guaranteeing the completion of the Project development which is in form and content reasonably approved by Commission, is issued by a surety reasonably acceptable to Commission, and names Commission as an additional obligee. Not as a Closing Condition, but as a covenant of Borrower, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and be fully completed, free of mechanics liens, and with a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the project for its intended purposes which had been issued by proper governmental agencies no later than 24 months following the Close of Escrow.

(j) Borrower shall have provided to the Commission, in form satisfactory to the Commission, certified copies of (i) Borrower's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner, or president that such agreement or articles and bylaws has not been amended or modified except as described in the certification (ii) a good standing certificate from the California Secretary of State, certifying that Borrower is duly qualified and in good standing, and (iii) all other documents necessary to evidence to the Commission's satisfaction that the individuals and entities executing this Agreement and the Loan Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Borrower, to the terms hereof and thereof;

(k) Not as a Closing Condition, but at least 90 days prior to occupancy and prior to the commencement of tenant selection for the Project, Borrower shall have obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the assisted units (as defined in Section 10.1 below) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available.

(l) Borrower has provided the Commission affirmative action and community business enterprise plans in a form satisfactory to the Commission;

(m) Borrower shall have furnished and obtained the Commission's approval of an operating budget and a Management Plan for the Project. The Management Plan shall include a preliminary Operating Budget in a format mandated by the Commission, approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision at the time the Certificate of Occupancy is issued, any such revision must be approved by the Commission at its sole discretion;

(n) Borrower shall have furnished the Commission with evidence satisfactory to the Commission evidencing the insurance coverages required by Section 9.8 below;

6.3 When, and only when, Escrow Holder has confirmed that all of the Closing Conditions (a), (b), (c), (d), (f), and (g) of Section 6.2 above have been satisfied, and has received written certification from the Commission's Executive Director that all other Closing Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of Escrow ("Close of Escrow") by:

(i) causing the HOME Deed of Trust, the CC&R's and the executed Subordination Agreements (if any) to be recorded in the Official Records of Los Angeles County, California;

(ii) delivering the executed original HOME Note to the Commission;

(iii) causing the Title Policy to be issued to the Commission in the form and amount specified above; and

(iv) promptly following recordation, delivering conformed copies of the recorded documents to the Commission and Borrower.

6.4 The Close of Escrow shall not occur prior to satisfaction of all conditions precedent to the closings for the Senior Financing and the Junior Financing. Notwithstanding any other provision, Escrow Holder shall disburse proceeds of the HOME Loan prior to the closings for the Senior Financing and the Junior Financing only if expressly directed by written instructions from the Commission.

6.5 Time is of the essence with respect to the rights and obligations of the Parties under this Agreement and if the Close of Escrow does not occur prior to the Closing Deadline, then the Escrow shall terminate, and Escrow Holder shall promptly return all funds and documents to the Party depositing them.

7.0 SUPPORTIVE SERVICES

Borrower has entered into an agreement with St. Barnabas Senior Services (SBS) to provide supportive and case management service for the Project. The Project's residents will have access to an array of services that support self sufficiency, including such services as: personalized case management, nutrition and meal services, transportation and shopping assistance, access to medical services and health screening, money management, housekeeping and home chore assistance, social and recreational activities, service referrals, in home personal care, a buddy system, and staff vigilance. The services may be modified over time, as needed by the residents and subject to availability, however, at least two will be provided for not less than thirty (30) years. See details in Exhibit "N".

8.0 PURPOSE OF HOME LOAN{tc \11 "8.0 PURPOSE OFHOME LOAN }

8.1 The HOME Loan proceeds shall be used by Borrower for the acquisition and permanent financing of the Project. Amounts in excess of this amount must be approved by the Executive Director or his designee. In no event shall Borrower use or otherwise invest the proceeds of the HOME Loan except as expressly provided in this Agreement.

8.2 The HOME loan shall be considered Permanent Financing at such time as the Project is completed. The Project shall be "completed," which shall be deemed to have

occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with the plans and specifications (collectively, "Plans") referenced in the construction contract ("Construction Contract") which Borrower has entered into with a general contractor ("General Contractor") with respect to the Project, and that all final permits and certificates necessary to the operation of the Project as contemplated herein, and releases, waivers and other instruments evidencing no claims, stop notices or mechanics liens existing with respect to the Project, have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval:

(a) A signed certificate from the General Contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the Construction Contract, the Plans and this Agreement, and all other related on-site and off-site improvements have been completed;

(b) A certificate of occupancy (the "Certificate of Occupancy") and/or any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies;

(c) Unconditional Waivers and Releases Upon Final Payment, in statutory form, showing no amounts in dispute, have been received from the General Contractor, all subcontractors, and all other persons or entities providing services or furnishing materials in connection with the Project.

8.3 To the extent otherwise permitted under this Agreement, Borrower (or an affiliate of Borrower previously approved by the Commission) may receive from the HOME Loan proceeds, or other development funds available to Borrower, including equity, a Developer Fee ("Developer Fee") not to exceed NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000) in connection with development of the Project; provided, however, that the Capitalized Developer Fee shall not exceed the amount of SEVEN HUNDRED THIRTY FIVE THOUSAND DOLLARS (\$735,000) payable during the course of construction from construction loan proceeds.

8.4 Borrower shall have furnished Commission and obtained Commission's approval of the compliance with the environmental mitigation measures specified in the "Environmental Special Conditions" referenced in Exhibit K attached. Borrower hereby acknowledges that Commission's review and approval of such compliance with environmental mitigation measures under this Agreement is solely for the benefit of the Commission, and should not be relied upon as any measure or warranty of the correctness, adequacy or appropriateness of such matter.

9.0 COVENANTS OF BORROWER{tc \11 "9.0 COVENANTS OF BORROWER}.

As additional consideration for the making of the HOME Loan by Commission, Borrower covenants as follows:

9.1 Compliance with Laws{tc \12 "9.1 Compliance with Laws}.

Borrower shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings,

conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the laws specified in Section 12, below; fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

9.2 Revenue Disclosures{tc \12 "9.2 Revenue Disclosures}.

Borrower shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at Borrower's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports{tc \12 "9.3 Other Reports}.

Upon seventy-two (72) hours written notice, at any time during the Term, Borrower shall prepare and submit to Commission, any financial, program progress, monitoring, evaluation or other reports including but not limited to, documents related to construction, reasonably required by Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to Commission within such 72-hour period, then within a reasonable time thereafter. Borrower will ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement, CC&Rs, or the HOME Deed of Trust. Borrower shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

9.4 Indemnification{tc \12 "9.4 Indemnification}.

From and after the date hereof, Borrower shall indemnify, defend and save harmless Commission and its members, directors, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense including reasonable defense costs and legal fees of counsel acceptable to Commission (collectively, "Claims") including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection with services performed on behalf of Borrower by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Borrower's ownership of the Site or the Project, (ii) result directly or indirectly from Borrower's ownership of the Site or the Project, or (iii) result directly or indirectly from the Commission's

entering into this Agreement and/or making the HOME Loan to Borrower; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of the Commission. This covenant shall remain in force and effect following the expiration of the term of the HOME Loan.

9.5 Audit by State and Federal Agencies{tc \l2 "9.5 Audit by State and Federal Agencies}.

In the event this Agreement or the HOME Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Borrower shall comply with such inspections and pay on behalf of itself and Commission the full amount of the cost to the inspecting agency which results from such inspections, if any unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

9.6 Program Evaluation and Review{tc \l2 "9.6 Program Evaluation and Review}.

Borrower shall allow Commission authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Borrower's staff, Borrowers, and other program participants, as reasonably required by Commission during the Term.

9.7 Hazardous Materials{tc \l2 "9.7 Hazardous Materials}.

Borrower represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by HACOLA, Borrower shall indemnify, defend and hold HACOLA and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by HACOLA, Borrower hereby releases and forever discharges HACOLA and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release

and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

9.8 Insurance

Without limiting Borrower's indemnification of Commission provided above, Borrower shall procure and maintain at its own expense during the Term of the HOME Loan the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Borrower shall deliver satisfactory evidence of issuance of "all risk" property insurance described in (2) below and worker's compensation insurance described in (3) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will protect Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any

policy of insurance. Borrower shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance.

(a) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Borrower, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to Commission. Borrower shall require Borrower's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by Commission from time to time, Borrower shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission.

(b) Property Insurance: "All Risk" ISO Special Form property insurance, including without limitation builder's risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal. Commission shall be the loss payee under the aforementioned policies under a standard lender's loss payable endorsement. The amount of the property coverage shall at all time exceed the full replacement value of all improvements and fixtures on the Property and the insurer shall waive any coinsurance via an "agreement" endorsement.

(c) Worker's Compensation: Borrower's and Borrower's Contractors' employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(d) Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

All subsequent verifications or renewals of the coverage requirements stated above must be sent to the Commission with the following identifying information enclosed in order for these requirements to be deemed satisfied:

PROJECT: Harmony Creek Senior Apartments
ADDRESS: 15554 Gale Avenue, Hacienda Heights, CA 91745
PROJECT NO. HE0074

Failure on the part of Borrower to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection

therewith and all monies so paid by Commission shall be repaid by the Borrower to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or Carrier.

9.9 Financial Statements; Tax Returns{tc \12 "9.9 Financial Statements; Tax Returns}.

Borrower shall deliver to Commission within one hundred twenty (120) days after the end of each fiscal year of Borrower occurring during the term of the HOME Loan, a copy of its federal tax return and a financial statement for such preceding fiscal year. In addition, concurrent with Borrower's payment of the annual Residual Receipts installment payable to Commission on each April 15th in accordance with Section 2.3 above, Borrower shall deliver to Commission, on forms prepared and provided by Commission from time to time, a statement certified by Borrower's accountant (the "Annual Statement"), separately setting forth (i) the aggregate Gross Rents (as defined in the HOME Note) received during the previous calendar year, and (ii) the aggregate Operating Expenses (as defined in the HOME Note) expended during the previous calendar year.

9.10 Other Loans{tc \12 "9.10 Other Loans}.

Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Financing, the Junior Financing and the Other Financing. Borrower shall provide to Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting Commission, to the extent Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by Commission in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the HOME Loan.

9.11 Construction Requirements{tc \12 "9.11 Construction Requirements}.

Following the Close of Escrow, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and achieve "Completion of the Project" no later than [24] months following the Close of Escrow, subject to extension for up to an additional 12 months to the extent of force majeure delays beyond Borrower's reasonable control. "Completion of the Project" shall be deemed to have occurred when Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved funding application to Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to Commission's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed; (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies; and (3) evidence satisfactory to Commission that the statutory period for the filing of mechanics' liens (60 days following filing of the statutory notice of completion) has expired and the Property is free from such liens. Construction shall proceed in accordance with Exhibit "L", Construction Requirements, and shall conform to the layout and design represented in

Borrower's approved application for the Industry Fund Program. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project.

9.12 Relocation Requirements{tc \12 "9.12 Relocation Requirements}.

If applicable, Borrower shall be responsible for assuring compliance with all relocation requirements as governed by federal relocation laws and regulations for projects funded in whole or in part with HOME, including the Federal Uniform Relocation Assistance and Real Property Policies Act (42 U.S.A. 4601 et seq., as amended), Federal Relocation Regulations (49 CFR Part 24), HUD Relocation Handbook 1378, and the Los Angeles County Community Development Commission's Relocation Policies and Procedures Manual. In circumstances where both federal and state funds are contributed to a program or Project, it is the policy of the County to follow the requirements that provide the displaced person or household with the greatest benefit. For example, if in a mixed-funded project, the assistance or benefit under state law is more favorable to the displaced person or household, then the state law applies, and if the opposite is the case, then applicable federal laws and regulations (California Relocation Assistance Law, etc.) shall apply. Any relocation assistance shall be provided through and in the manner directed by the Commission, provided, however, that Borrower shall indemnify, defend and hold harmless the Commission and the County of Los Angeles ("County") for relocation payments, consulting fees and expenses incurred in connection with the Project. At the Commission's election in the Commission's sole discretion, the Commission may hire a relocation consultant to coordinate the relocation. The fees and costs of the consultant shall be paid or reimbursed by Borrower.

9.13 Environmental Conditions{tc \12 "9.13 Environmental Conditions}.

Borrower shall comply with any NEPA or CEQA mitigation measures or other environmental conditions imposed by Commission or any other applicable governmental authority in connection with the Project, attached hereto as Exhibit "K".

10.0 USE OF PROPERTY; LEASING AND MANAGEMENT{tc \11 "10.0 USE OF PROPERTY; LEASING AND MANAGEMENT}.

10.1 Limitations on Tenants{tc \12 "Limitations on Tenants}.

Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the 30 year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the number of dwelling units and, with respect to the units designated to be assisted as consideration for the HOME Loan ("Assisted Units"), 74 HOME-Assisted Units shall be in accordance with the tenant income levels specified in this Agreement. All Assisted Units shall be rented only at an "Affordable Housing Cost" to "Low-Income Households," "Sixty Percent Income Households," or "Very-Low Income Households" as hereinafter defined (persons within any group occasionally referred to as "Eligible Persons"). Of the 74 units, 23 units shall be rented to Very Low-Income Households earning no more than 50% of Area Median Income, and 51 units shall be rented to Sixty Percent Income Households earning no more than 60% of Area Median Income.

"Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for lower income families as established and amended

from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development (HUD).

“Sixty Percent Income Households” shall mean persons and families whose gross annual household incomes do not exceed sixty percent (60%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

“Very Low-Income Households” shall mean persons and families whose gross annual household incomes do not exceed fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

“Affordable Housing Cost” shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

(i) for an Eligible Person within a Very Low-Income Household, the lesser of the product of thirty percent (30%) times fifty percent (50%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low HOME Rent established by HUD; and

(ii) for an Eligible Person within a Sixty Percent Income Household, the lesser of the product of thirty percent (30%) times sixty-five percent (65%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the High HOME Rent established by HUD; and

(iii) for an Eligible Person within a Low Income Household, the lesser of the product of thirty percent (30%) times sixty-five percent (65%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the High HOME Rent established by HUD.

“Area Median Income” shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size as periodically adjusted by HUD, or any successor entity designated under state law as responsible for establishing such “Area Median Income.”

In addition, the Project shall be operated exclusively as senior citizen housing, in which all Assisted Units shall be occupied only by persons who are at least 55 years of age and a “senior citizen” or “qualified permanent” as defined by California Civil Code Section 51.3.

Borrower shall specifically provide in each HOME Assisted Unit lease and shall strictly enforce the requirement that each HOME Assisted Unit be occupied at all times by the eligible household who has leased that HOME Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee’s household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Borrower fails to do so. Prior to execution of any HOME Assisted Unit lease with respect to the Project, Borrower shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Borrower shall thereafter use the approved form for all leases of HOME Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

10.2 Tenant Selection Process; Reports and Records Concerning Tenancies{tc \12 "10.2 Tenant Selection Process; Reports and Records Concerning Tenancies}.

Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by Commission to monitor compliance with the tenanting requirements described in Section 10.1 above, including without limitation the requirement that Borrower deliver reports to Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the Borrower and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such Borrower as may be reasonably required by Commission to certify such Borrower's qualification for occupancy of the Project. Borrower's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 10.1.

10.3 Management of Project{tc \12 "10.3 Management of Project}.

Subject to the terms and conditions contained hereinbelow, Borrower shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain Commission's written approval of a management contract ("Management Contract") entered into between Borrower and an entity ("Management Entity") acceptable to Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and Commission. Borrower shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 10.1.

10.4 Operations and Maintenance{tc \12 "10.4 Operations and Maintenance}.

Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that Borrower and such successors and assigns shall use the Site solely for the purpose of operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the CC&Rs and the HOME Deed of Trust.

Borrower covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Borrower, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions or the restrictions contained in this Agreement or the HOME Deed of Trust. Furthermore, Borrower and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable

to the Site or the Project, or any portion thereof.

Borrower shall, at its expense, (i) maintain all improvements and landscaping on the Site in good working order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project (which must be approved by the Commission before being incorporated into the Construction Contract) (such approved plans, the "Plans") and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents while maximizing Residual Receipts to the extent reasonably possible consistent with applicable rent and tenant requirements (including all recorded rent restrictions affecting the Project) and without compromising the safety and attractiveness of the living environment of the Project.

11.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION{tc \11 "11.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION}.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

11.1 Form of Nondiscrimination and Nonsegregation Clauses{tc \12 "11.1 Form of Nondiscrimination and Nonsegregation Clauses}.

Borrower shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and 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 race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee 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 Borrowers, lessees, subBorrowers, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and 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 race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of

the land 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 Borrowers, lessees, sublessees, subBorrowers, or vendees 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, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

12.0 COMMISSION REQUIREMENTS {tc \11 "12.0 COMMISSION REQUIREMENTS}

Borrower shall comply with the provisions of Exhibit "J" - Commission Requirements.

13.0 INDEPENDENT CONTRACTOR{tc \11 "13.0 INDEPENDENT CONTRACTOR}.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for furnishing or causing its general contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

14.0 ASSIGNMENT OF THIS AGREEMENT{tc \11 "14.0 ASSIGNMENT OF THIS AGREEMENT}.

This Agreement shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission or the Commission's Executive Director, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement and the HOME Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by Commission at its sole discretion including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the HOME Loan Documents, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's obligations under this Agreement, the HOME Note, and all other Loan Documents.

Any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Borrower's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the

aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of Commission, Commission may, at its option, by written notice to Borrower, declare Borrower in default under this Agreement.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state or federal low income housing tax credits, the Commission hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interest in Borrower to an equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners and (iii) removal of any general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as may be amended from time to time, provided that any replacement general partner is approved by Commission, which approval shall not be unreasonably withheld.

15.0 EVENTS OF DEFAULT AND REMEDIES

15.1 Borrower Events of Default

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(a) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the HOME Note or the HOME Deed of Trust, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the HOME Loan at the Maturity Date of the HOME Note;

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the HOME Note or the HOME Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice.. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 15.1(c) through 15.1(g) below;

(c) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Agreement, the HOME Note, or the HOME Deed of Trust;

(d) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of

creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner, or majority shareholder, of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Following completion of the rehabilitation of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(g) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 14.0 above or Section 29.0 below; or

(h) Borrower shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

15.2. Commission Remedies{tc \12 "15.2. Commission Remedies}.

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Borrower declare the entire then unpaid principal balance of the HOME Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the HOME Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(b) Subject to the nonrecourse provisions of Section 5 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the HOME Note, to exercise its rights under the HOME Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any other document executed in connection herewith;

(c) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money, whether under this Agreement or the HOME Note, Commission may, but shall not be obligated to, make such payment. If such payment is made by Commission, Borrower shall deposit with Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by Commission shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the HOME Note;

(d) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default described in Section 15.1(d) or 15.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the HOME Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

15.3. No Remedy Exclusive{tc \12 "15.3. No Remedy Exclusive}.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

15.4. Commission Default and Borrower Remedies{tc \12 "15.4. Commission Default and Borrower Remedies}.

Upon fault or failure of Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(a) Demand and obtain payment from Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;

(b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; and

(c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from Commission arising out of or in connection with this Agreement, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

16.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES{tc \1 "16.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES }.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the HOME Loan Documents as a consequence of any breach by the other party of its obligations thereunder or hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other HOME Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse Commission, upon demand by Commission, for all costs incurred by Commission in connection with the enforcement of this Agreement, the HOME Note, and any other HOME Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether Commission is a creditor in such proceeding or otherwise.

17.0 RIGHT OF ACCESS AND INSPECTION{tc \1 "17.0 RIGHT OF ACCESS AND INSPECTION}.

Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If Commission in its reasonable discretion determines that the project is not being operated in conformity with this Agreement, or any applicable Governmental Restrictions, Commission may at its election, after notice to and consultation with the Borrower and affording the Borrower thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Borrower fails to cure the matter, itself cure the matter. Inspection by Commission of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by Commission that there has been compliance with any terms or provisions of this Agreement.

18.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY{tc \11 "18.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY}.

No official or employee of Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of Commission shall be personally liable in the event of a breach of this Agreement by Commission.

19.0 AMENDMENTS, CHANGES AND MODIFICATIONS{tc \11 "19.0 AMENDMENTS, CHANGES AND MODIFICATIONS}.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

20.0 EXECUTION OF COUNTERPARTS{tc \11 "20.0 EXECUTION OF COUNTERPARTS}.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

21.0 NOTICES{tc \11 "21.0 NOTICES}.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower: Hacienda Senior Partners, L.P.
c/o Residential Communities Inc., Esther Valadez
2350 Hyperion Avenue
Los Angeles, CA 90027
Fax No. (323) 644-1354

Hacienda Senior Partners, L.P.
c/o Los Robles Development Corporation, George Ho
11400 Olympic Blvd., Suite 200
Los Angeles, CA 90064
Fax No. (310) 445-8667

With a copy to: Hacienda Senior Partners. L.P.
C/o Gateway Community Housing Corporation
1358 Summitridge Drive
Diamond Bar, CA 91765
Fax No. (626) 396.1754

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

22.0 SEVERABILITY{tc \11 "22.0 SEVERABILITY}.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

23.0 INTERPRETATION{tc \11 "23.0 INTERPRETATION}.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the HOME Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the HOME Note shall be interpreted to require in each instance the lesser of (i) the amount stated in the HOME Note; and (ii) the maximum applicable legal limit. Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement..

24.0 NO WAIVER; CONSENTS{tc \11 "24.0 NO WAIVER; CONSENTS}.

Any waiver by Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by Commission to take action on account of any default of Borrower. Consent by Commission to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Commission's consent to be obtained in any future or other instance.

25.0 APPLICABLE POLICIES{tc \11 "25.0 APPLICABLE POLICIES}.

A. Governing Law{tc \13 "A. Governing Law}

This Agreement shall be governed by the laws of the State of California.

B. Compliance with Laws{tc \13 "B. Compliance with Laws}.

Borrower agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the 24 Code of Federal Regulations (CFR) Part 85

C. HOME Program and Federal Requirements.

{tc \12 "13.1 HOME Program and Federal Requirements}In addition to any other obligations of the Borrower to this Agreement, the Borrower agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit "I".

26.0 REPRESENTATIONS AND WARRANTIES OF BORROWER{tc \11 "26.0 REPRESENTATIONS AND WARRANTIES OF BORROWER}.

Borrower hereby warrants and represents to Commission that:

A. Organization and Standing{tc \13 "A. Organization and Standing}.

Borrower is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power and authority to enter into and perform its obligations under this Agreement, the HOME Note, the HOME Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability{tc \13 "B. Enforceability}.

This Agreement, the HOME Note, the HOME Deed of Trust, the CC&Rs, and all other instruments to be executed by Borrower in connection with the HOME Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents{tc \13 "C. Authorization and Consents}.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Borrower, and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution{tc \13 "D. Due and Valid Execution}.

This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses{tc \13 "E. Licenses}.

Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance{tc \13 "F. Litigation and Compliance}.

There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

G. Default{tc \13 "G. Default}.

There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 15.

H. No Violations{tc \13 "H. No Violations}.

The execution and delivery of this Agreement, the HOME Note, and all other documents executed or given hereunder, and the performances thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

I. No Affiliation With Lenders{tc \13 "I. No Affiliation With Lenders}.

Borrower is no under common ownership or is otherwise affiliated with any lender extending any Project Loan (as defined in the HOME Note).

27.0 APPROVALS{tc \11 "27.0 APPROVALS}.

Any consent to a transfer under Section 14 or 29 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, and the operation of the project.

28.0 GOOD FAITH AND FAIR DEALING{tc \11 "28.0 GOOD FAITH AND FAIR DEALING}.

Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

29.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT{tc \1 "29.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT}.

29.1 Without the prior written approval of the Commission (or the Commission's Executive Director), which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project (excluding Borrower leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the HOME Loan Documents. Notwithstanding the foregoing, Commission hereby consents to the events described in the last paragraph of Section 14.0 hereof, if applicable, without Borrower obtaining any further consent from Commission. Borrower hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

29.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify Commission in writing (the "Transfer Notice") and shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 29 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the HOME Loan Documents. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 29. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the HOME Loan Documents accruing subsequent to such effective date.

29.3 Notwithstanding anything in this Agreement, Borrower agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefor and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

29.4 The provisions of this Section 29 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

30.0 ACCESS AND RETENTION OF RECORDS{tc \1 "30.0 ACCESS AND RETENTION OF RECORDS }.

Borrower shall provide access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Borrower which are directly pertinent to this Agreement for the purpose of

making audits, examinations, excerpts and transcriptions.

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 10.2 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COMMISSION:

**COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF LOS
ANGELES,**

a Public Body Corporate and Politic

By: _____
CARLOS JACKSON, Executive Director

APPROVED AS TO FORM:

Lloyd W. Pellman, County Counsel

By: _____
Deputy

BORROWER:

HACIENDA SENIOR PARTNERS, L.P.,
a California limited partnership

By: RESIDENTIAL COMMUNITIES
INCORPORATED,
a California corporation, Co-General Partner

By: _____
Esther L. Valadez, President

By: LOS ROBLES DEVELOPMENT
CORPORATION,
a California corporation, Co-General Partner

By: _____
George Ho, President

TABLE OF EXHIBITS

EXHIBIT "A"	DIRECTORY OF DEFINED TERMS
EXHIBIT "B"	SITE LEGAL DESCRIPTION
EXHIBIT "C"	HOME PROMISSORY NOTE
EXHIBIT "D"	HOME DEED OF TRUST
EXHIBIT "E"	CC&RS
EXHIBIT "F"	PROJECT DESCRIPTION
EXHIBIT "G"	SITE PLANS & ELEVATIONS
EXHIBIT "H"	DEVELOPMENT PRO FORMA
EXHIBIT "I"	HOME PROGRAM REQUIREMENTS
EXHIBIT "J"	COMMISSION REQUIREMENTS
EXHIBIT "K"	ENVIRONMENTAL SPECIAL CONDITIONS
EXHIBIT "L"	CONSTRUCTION REQUIREMENTS
EXHIBIT "L1"	DAVIS-BACON WAGE REQUIREMENTS
EXHIBIT "M"	SUBORDINATION AGREEMENT
EXHIBIT "N"	SUPPORTIVE SERVICES AGREEMENT
EXHIBIT "O"	FEDERAL LOBBIST REQUIREMENTS CERTIFICATE

EXHIBIT "A" TO LOAN AGREEMENT

DIRECTORY OF DEFINED TERMS

Each of the following terms is defined in the section of the Loan Agreement referenced in parentheses.

Affordable Housing Cost (Section 10.1)	Project (Recital A)
Agreement (preamble)	Refinancing (Section 2.4)
Annual Statement (Section 9.9)	Residual Receipts (Section 2.3)
Applicable Percentage (Section 2.4)	Senior Financing (Recital B)
Assignment (Section 2.4)	Site (Recital A)
Borrower (preamble)	Subordination Agreements (Section 6.2(g))
CC&Rs (Section 6.2(c))	Term (Section 9.2)
Certificate of Occupancy (Section 8.2(b))	Title Company (Section 6.2(f))
Claims (Section 9.4)	Transfer (Section 29.1)
Close of Escrow (Section 6.4)	Transfer Documents (Section 29.2)
Closing Conditions (Section 6.2)	Transfer Notice (Section 29.2)
Closing Deadline (Section 6.2)	Very Low-Income (Section 10.1)
Commission (preamble)	
Completion of the Project (Section 9.11)	
Construction Contract (Section 6.2(i))	
Default Rate (Section 4)	
Developer Fee (Section 8.3)	
Escrow (Section 6.1)	
Escrow Holder (Section 6.1)	
Event of Default (Section 15.1)	
General Contractor (Section 6.2(i))	
Governmental Restrictions (Section 9.1)	
Gross Rents (Section 9.9)	
Hazardous Materials (Section 9.7)	
HOME Deed of Trust (Section 5)	
HOME Loan (Recital A)	
HOME Maturity Date (Section 2.3)	
HOME Note (Section 2.1)	
Junior Financing (Recital B)	
Loan Documents (Section 6.2(e))	
Low-Income (Section 10.1)	
Management Contract (Section 10.3)	
Management Entity (Section 10.3)	
Manager (Section 10.3)	
Maturity Date (Section 2.3)	
Net Proceeds (Section 2.4)	
Net Refinancing Proceeds (Section 2.4)	
Operating Expenses (Section 9.9)	
Other Financing (Recital B)	
Parties (preamble)	
Party (preamble)	
Permitted Senior Encumbrances (Section 6.2(f))	

EXHIBIT "B" TO LOAN AGREEMENT

SITE LEGAL DESCRIPTION
(HOME – PROJECT NO. HE0074)

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

THE EASTERLY 165.12 FEET OF THE WESTERLY 655.36 FEET, MEASURED ALONG THE
SOUTHERLY LINE OF LOT 2 OF THE KWIS TRACT, IN THE COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGE 82 OF MAPS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

EXCEPTING THEREFROM THE PRECIOUS METALS AND ORES THEREOF AS EXCEPTED
FROM THE PARTITION BETWEEN JOHN ROWLAND SR. AND WILLIAM WORKMAN IN THE
PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

END OF LEGAL DESCRIPTION

EXHIBIT "C" TO LOAN AGREEMENT

PROMISSORY NOTE
(HOME - PROJECT NO. HE0074)

\$ 4,400,000.00

_____, 200__

For value received, the undersigned, HACIENDA SENIOR PARTNERS, L.P., a California Limited Partnership ("Borrower"), of which RESIDENTIAL COMMUNITIES INCORPORATED, a California corporation, and LOS ROBLES DEVELOPMENT CORPORATION, a California corporation, are the general partners, whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS (\$4,400,000.00) (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Loan Agreement dated as of _____, __, 200__, entered into between Borrower and the Commission (the "Loan Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with financing for site acquisition, construction financing, and permanent financing in connection with a housing project ("Project") on a site more particularly described in the Loan Agreement ("Site"). Gateway Community Housing Corporation, a California non-profit public benefit corporation and a Community Housing Development Organization (CHDO), will be the special limited partner during the development phase and will become the Managing General Partner after the Project is placed in service.

1. Interest.

1.1 Basic Interest{tc \l2 "1.1 Basic Interest}. Except as provided in Section 1.4 below, the disbursed and unpaid principal balance of the Loan shall bear interest commencing on the date on which the Loan proceeds are first disbursed for the account of Borrower, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

1.2 Payment Dates and Amounts{tc \l2 "1.2 Payment Dates and Amounts}. Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2006. Absent prepayment or acceleration, each of the annual payments due March 15, 2006 through and including March 15, 2036 ("Maturity Date") shall be in an amount equal to sixty-five percent (65%) of "Residual Receipts" for the prior calendar year, as defined herein. If the Borrower successfully competes and secures a commitment of Industry funds in the upcoming allocation of funds from the

Industry Program, the HOME Loan amount will be reduced by the Industry Loan amount, and the two loans together, Industry and HOME, will share 65% of Residual Receipts, whereby each will be paid a prorata share in proportion to the combined amount of a HOME Loan and an Industry Loan funding approval. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date.

1.3 Calculation of Residual Receipts. Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

1.4 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Loan Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("Default Rate"), from the date due until the date paid.

1.5 Definition of Residual Receipts.

1.5.1 "Residual Receipts" shall mean, with respect to each calendar year, the amount by which "Gross Rents," as defined herein, for such calendar year exceed the "Operating Expenses", as defined herein, for that calendar year.

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases, (ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and (vi) consideration received in whole or in part for the cancellation, modification, extension or

renewal of occupancy leases. The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"): (aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants); (bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders; (cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and (dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period: (i) nonelective payments made with respect to the Senior Financing; (ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year; (iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period; (iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, and license fees and business taxes; provided, however, that (A) the amount included as property management fees and administrative fees in Operating Expenses shall collectively not exceed ten percent (10%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fees and administrative fees shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, and (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed \$10,000 in the aggregate in any year; (v) reasonable and ordinary reserves actually set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount no less than \$200.00 per unit and no greater than such higher amount as may be established from time to time by mutual agreement of the Parties; and (vi) to the extent not otherwise included in Operating Expenses, amounts paid from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense.

1.5.4 Notwithstanding any provision of Section 1.5.3, the term "Operating Expenses" shall not include any of the following:

(i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Los Angeles-Orange County area for the same work or services;

(ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses;

(iii) optional or elective payments with respect to the Senior Financing;

(iv) any payments with respect to Junior Financing, Other Financing, or any other Project-related loan or financing other than the Senior Financing; or

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

1.6 In addition to the payments provided in Section 1.2 above, and subject to the terms of the Senior Financing, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Applicable Percentage of the Net Proceeds of such Assignment; and (b) no later than the recording of a Refinancing, fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing.

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Project.

"Applicable Percentage" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"Assignment" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project), sublease, sale, license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit

of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Property, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to HACOLA), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

"Refinancing" shall mean creation or substantial modification of a loan ("Project Loan") secured by an encumbrance on the Site, the Project, or any portion thereof. The term "Refinancing" shall not include the creation of the Senior Financing or any other Project Loan, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project.

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and

reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration{tc \11 "2. Acceleration}.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, shall, at the election of the Commission and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments{tc \11 "3. Prepayment; Application of Payments}.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Loan Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment{tc \11 "4. Security and Source of Payment}.

Borrower's obligations under this Note and the Loan Agreement shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any willful misconduct, fraud or intentional and material misrepresentation by Borrower in connection with this Note, the Loan Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.

5. Obligation of Borrower Unconditional{tc \1 "5. Obligation of Borrower Unconditional}.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Loan Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan{tc \1 "6. Purpose of Loan}.

The Loan proceeds shall be used by Borrower only to provide financing for site acquisition, construction financing, and permanent financing for the housing development described in the Loan Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower{tc \1 "7. Covenants of Borrower}.

As additional consideration for the making of the Loan by HACOLA, Borrower covenants as follows:

7.1 Compliance with Loan Agreement and Deed of Trust{tc \2 "7.1 Compliance with Loan Agreement and Deed of Trust}. Borrower shall comply with all of its obligations under the Loan Agreement and the Deed of Trust. Any amounts payable by Borrower under the Loan Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans{tc \2 "7.2 Other Loans}. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note{tc \11 "8. Assignment of this Note}.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this Note and the Loan Agreement and any of the other Loan Documents. With respect to Projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 14 of the Loan Agreement.

9. Events of Default and Remedies{tc \11 "9. Events of Default and Remedies}.

A. Borrower Events of Default{tc \13 "A. Borrower Events of Default}. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Loan Agreement, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under or the Deed of Trust or the Loan Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Loan Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 29 of the Loan Agreement;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Commission Remedies~~{tc \13 "B. Commission Remedies}. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:~~

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Loan Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. ~~No Remedy Exclusive~~ Section 13 "C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies. Upon fault or failure of the Commission to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Note or seeking to enjoin any act by the Commission which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Commission arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Agreement to Pay Attorneys' Fees and Expenses{tc \11 "10. Agreement to Pay Attorneys' Fees and Expenses}.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Note or any of the other Loan Documents as a consequence of any breach by the other party of its obligations hereunder or thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Note or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability{tc \11 "11. Conflict of Interest; No Individual Liability}.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications to Section 12. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices to Section 13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Commission: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the
County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower: Hacienda Senior Partners, L.P.
c/o Residential Communities Inc., Esther Valadez
2350 Hyperion Avenue
Los Angeles, CA 90027
Fax No. (323) 644-1354

Hacienda Senior Partners, L.P.
c/o Los Robles Development Corporation, George Ho
11400 Olympic Blvd., Suite 200
Los Angeles, CA 90064
Fax No. (310) 445-8667

With a copy to: Hacienda Senior Partners, L.P.
C/o Gateway Community Housing Corporation
1358 Summitridge Drive
Diamond Bar, CA 91765
Fax No. (626) 396.1754

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall

be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability{tc \11 "14. Severability}.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation{tc \11 "15. Interpretation}.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Loan Agreement.

16. No Waiver; Consents{tc \11 "16. No Waiver; Consents}.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law{tc \11 "17. Governing Law}.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower{tc \11 "18. Representations and Warranties of Borrower}.

Borrower hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing{tc \13 "A. Organization and Standing}. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and

perform its obligations under this Note, the Loan Agreement, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability{tc \13 "B. Enforceability}. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents{tc \13 "C. Authorization and Consents}. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution{tc \13 "D. Due and Valid Execution}. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses{tc \13 "E. Licenses}. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance{tc \13 "F. Litigation and Compliance}. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default{tc \13 "G. Default}. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations{tc \13 "H. No Violations}. The execution and delivery of this Note, the Loan Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals{tc \11 "19. Approvals}.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any Commission official or employee under this Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 29 of the Loan Agreement and any other consent or approval by the Commission under this Note, the Deed of Trust, the Loan Agreement or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing{tc \11 "20. Good Faith and Fair Dealing}.

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

BORROWER:

HACIENDA SENIOR PARTNERS, L.P.,
a California limited partnership

By: RESIDENTIAL COMMUNITIES
INCORPORATED,
a California corporation, Co-General Partner

By: _____
Esther L. Valadez, President

By: LOS ROBLES DEVELOPMENT
CORPORATION,
a California corporation, Co-General Partner

By: _____
George Ho, President

EXHIBIT "D" TO LOAN AGREEMENT

DEED OF TRUST
(HOME – PROJECT NO. HE0074)

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

Above Space For Recorder's Use Only

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING ("Deed of Trust") is made as of _____, 2003, by and between
HACIENDA SENIOR PARTNERS, L.P. ("Trustor"), a California Limited Partnership, of which
RESIDENTIAL COMMUNITIES INCORPORATED, a California corporation, and LOS ROBLES
DEVELOPMENT CORPORATION, a California corporation, are the general partners, Stewart
Title Company of California, Inc. ("Trustee"); and the COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic
("Beneficiary").

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of FOUR MILLION FOUR HUNDRED THOUSAND Dollars (\$4,400,000.00) (the "Loan") pursuant to that certain Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of _____, 2003. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "Property").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below all of its present and future estate, right, title and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future

owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

(1) performance of each agreement of Trustor herein contained or incorporated herein by reference;

(2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

(3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the other "Loan Documents" (as defined in the Loan Agreement), and any extension, renewal or modification of such Loan Agreement and other Loan Documents;

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

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers

Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at the time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3 and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part

thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

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

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall thereafter bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Deferral Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Deferral Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments: Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Loan Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

b. The failure of Trustor to perform any nonmonetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to

completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(h) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 14 or 29 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any

personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of

Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary, a certified statement in form reasonably satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by

Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice of its approval or disapproval following submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any consent to a transfer under Section 33 of this Deed of Trust, and any other consent or approval by Beneficiary under this Deed of Trust or any of the other Loan Documents, may be given by Beneficiary's Executive Director without action of Beneficiary's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the Loan Agreement), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary

consents to the events described in the last paragraph of Section 14.0 of the Loan Agreement without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

b. At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and ensure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from its obligations under this Deed of Trust and the other Loan Documents accruing subsequent to such effective date.

c. Notwithstanding anything in this Deed of Trust to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

d. The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:
HACIENDA SENIOR PARTNERS, L.P.,
a California limited partnership

By: RESIDENTIAL COMMUNITIES INCORPORATED,
a California corporation, Co-General Partner

By: _____
Esther L. Valadez, President

By: LOS ROBLES DEVELOPMENT CORPORATION,
a California corporation, Co-General Partner

By: _____
George Ho, President

BENEFICIARY:

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES, a public body corporate and
politic

By: _____
Executive Director

APPROVED AS TO FORM:
Lloyd W. Pellman, County Counsel

By: _____
Deputy

ATTACHMENT 1

LEGAL DESCRIPTION OF PROPERTY
(HOME – PROJECT NO. HE0074)

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

THE EASTERLY 165.12 FEET OF THE WESTERLY 655.36 FEET, MEASURED ALONG THE
SOUTHERLY LINE OF LOT 2 OF THE KWIS TRACT, IN THE COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGE 82 OF MAPS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

EXCEPTING THEREFROM THE PRECIOUS METALS AND ORES THEREOF AS EXCEPTED
FROM THE PARTITION BETWEEN JOHN ROWLAND SR. AND WILLIAM WORKMAN IN THE
PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

END OF LEGAL DESCRIPTION

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(Space Above Line for Recorder's use)

This Agreement is recorded at the request and for the benefit of the Community Development Commission of the County of Los Angeles and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

EXHIBIT "E" TO LOAN AGREEMENT

COVENANTS, CONDITIONS, AND RESTRICTIONS

(HOME – PROJECT NO. HE0074)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the ___ day of _____, 2003 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), with reference to the following:

A. The Commission and Owner are parties to a Loan Agreement ("Loan Agreement") dated as of the ___ day of _____, 2003, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount of FOUR MILLION FOUR HUNDRED THOUSAND Dollars (\$4,400,000.00_) (the "Loan") for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Exhibit "A" to this Agreement (the "Site").

B. Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Loan Agreement.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

(1) Use of the Property.

a. Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the Fifty-Five (55) Year term of this Agreement (“Term”) commencing on the date of this Agreement, Owner and such successors and assigns shall use the Site solely for the purpose of developing and operating the Project as a residential rental development consisting of 75 dwelling units, which shall be operated in accordance with the terms of this Agreement. Of the 75 total dwelling units in the Project, 74 units (the “HOME Assisted Units”) shall be income-restricted and rented only at an “Affordable Housing Cost” (as defined below) and only to households meeting the income criteria applicable to the unit as provided in the following table:

Household Income Level	No. of Studio units	No. of 1-BR units	No. of 2-BR units	No. of 3-BR units	Total HOME Assisted Units for this income level
Moderate					
Low					
60% AMI		51			51
Very Low		23			23
Very Very Low					

HOME Assisted Units shall be dispersed throughout the Project, and shall be no less attractive or desirable on average (whether because of convenient access, views, amenities, or other reasons) than the other Project units, if any, that are not HOME Assisted Units. Subject to the reasonable approval of the Commission’s Executive Director (or his or her designee), the location of the HOME Assisted Units within the Project may be changed from time by Owner.

In addition, the Project shall be operated exclusively as senior citizen housing, in which all HOME Assisted Units shall be occupied only by persons who are a “senior citizen” or “qualified permanent resident” as defined by Cal. Civil Code Section 51.3.

“Moderate-Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for moderate-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of Title 25 of the California Code of Regulations and are equivalent to 120 percent (120%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

“Low-Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for low-income families as established and amended from time to time pursuant to Section 8 of the United States

Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of Title 25 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

“Very Low-Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for very low-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of Title 25 of the California Code of Regulations and are equivalent to fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

“Very Very Low-Income Households” shall mean Very Low-Income Households whose gross annual incomes do not exceed thirty-five percent (35%) of Area Median Income.

“Affordable Housing Cost” shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

(i) for a Moderate-Income Household, the product of thirty percent (30%) times one hundred ten percent (110%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; provided, however, that The Commission’s Executive Director may elect instead to use the alternative Moderate-Income Household Affordable Housing Cost definition, namely thirty percent (30%) of actual household gross income;

(ii) for a Low-Income Household, the product of thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; provided, however, that for households with incomes exceeding sixty percent (60%) of Area Median Income, The Commission’s Executive Director may elect instead to use the alternative Low-Income Household Affordable Housing Cost definition, namely thirty percent (30%) of actual household gross income;

(iii) for a Very Low-Income Household, the product of thirty percent (30%) times fifty percent (50%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; and

(iv) for a Very Very Low-Income Household, the product of thirty percent (30%) times thirty five percent (35%) of Area Median Income adjusted for family size appropriate for the Assisted unit.

Except to the extent “grandfathered” or otherwise exempted by state law, the foregoing definition of “Affordable Housing Cost” shall be deemed amended to correspond with future amendments of the definition of “affordable rent” in California Health and Safety Code Section 50053.

“Area Median Income,” or “AMI,” shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area as adjusted for family size and defined by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such “Area Median Income.”

Owner shall specifically provide in each HOME Assisted Unit lease and shall strictly enforce the requirement that each HOME Assisted Unit be occupied at all times by the eligible household who has leased that HOME Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee’s household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Owner fails to do so. Prior to execution of any HOME Assisted Unit lease with respect to the Project, Owner shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Owner shall thereafter use the approved form for all leases of HOME Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

The covenants described in this Agreement shall remain in effect through the 55-year Term of this Agreement, notwithstanding the earlier repayment of the Loan by Owner.

b. Tenant Selection Process; Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the Commission to monitor compliance with the tenanting requirements described in Paragraph (1)a above, including without limitation the requirement that Owner deliver reports to the Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the tenant and the amount of rent payable by each tenant. Owner shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the Commission to certify such tenant's qualification for occupancy of the Project. Owner's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in this Paragraph (1).

c. Owner shall provide, in accordance with the Supportive Services Agreement or description of services attached to this Agreement as Exhibit “N”, certain supportive services for residents of the Project, as described in the Exhibit “N” throughout the Term of this Agreement.

(2) Management of Project.

Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions (“Manager”) with respect to the operation of the Project, including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain The

Commission's written approval (which shall not be unreasonably withheld, conditioned or delayed) of a management contract ("Management Contract") entered into between Owner and an entity ("Management Entity") reasonably acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and the Commission. Owner shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Owner or the Commission. Owner's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Paragraph (1) of this Agreement.

(3) Operations and Maintenance.

Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the Loan Agreement and the Deed of Trust (as defined in the Loan Agreement).

Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Owner, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions (as defined below) or the restrictions contained in this Agreement. Furthermore, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; the laws specified in the Loan Agreement; and applicable federal, state and local fair housing laws. Owner shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project.

Owner shall, at its expense, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project approved by the Commission in accordance with the Loan Agreement and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

(4) Performance of Maintenance.

a. Owner shall maintain in accordance with the Commission Standards, as hereinafter defined, the private improvements, public improvements and landscaping to the curblin(e) on and abutting the Site. Said improvements shall include, but not be limited to, buildings, sidewalks and other paved areas, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curblin(e) abutting the Site.

b. To accomplish the maintenance, Owner shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

c. Commission Standards. The following standards ("Commission Standards") shall be complied with by Owner and its maintenance staff, contractors or subcontractors:

(i) Ordinary Maintenance Standards - Owner shall maintain the dwelling units and Site in good repair, order and condition at all times in order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, and that the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. Owner shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Exhibit "B" and incorporated herein by this reference.

(ii) Annual Inspection Standards - Owner shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Exhibit "C" and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the annual inspection, as set forth in Exhibit "C", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iii) **Preventative Maintenance Standards** - Owner shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Exhibit "D" and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the preventative maintenance, as set forth in Exhibit "D", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iv) **Extraordinary Maintenance.** Owner shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, including extraordinary replacement of equipment, betterment, and additions. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time, or are caused by such occurrences as earthquake, fire, obsolescence and, in some instances, neglect. Such items as replacement of roofs, replacement of corroded gas and heating lines, and rehabilitation of landscaping (ground-cover) would be considered in this category.

(v) The Commission may enter and inspect the premises at any time after notifying Owner 72 hours prior to the planned inspection, and said notice shall be delivered to Owner at the address indicated in paragraph 16(e) below.

(5) **Failure to Maintain Improvements.** In the event Owner does not maintain the Site improvements to the curblin(e)s in the manner set forth herein and in accordance with the Commission Standards, the Commission shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after (i) written notice to Owner stating that the condition of said improvements does not meet with the Commission Standards and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such 30 day period, then such amount of time as is needed to cure such deficiency provided owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

In the event Owner fails to correct, remedy, or cure such maintenance deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then the Commission shall have the right to maintain such improvements. Owner agrees to pay the Commission, upon demand, charges and costs incurred by the Commission in connection with such maintenance. Until so paid, the Commission shall have a lien on the Site for the amount of such maintenance charges and costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien

against the Site, such lien shall constitute a lien on the fee estate in and to the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Owner in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of the Commission created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the Commission created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the Commission that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the Commission and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Commission to reimburse the Commission for the cost of undertaking such maintenance obligations of Owner and its successors and the lien for such charges shall be apportioned among the fee owners of the various portions of the Site under different ownerships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned in fee by the owner who is liable for the apportioned lien and against no other portion of the Site. Owner acknowledges and agrees the Commission may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

(6) [Reserved.]

(7) Owner's Obligation to Refrain From Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and 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 race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and 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 race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees 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, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, 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, or vendees of the premises."

Nothing in this Paragraph shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

(8) Covenants Run With the Land; Duration of Covenants. The covenants and agreements established in this Agreement shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the Commission and its successors and assigns. The covenants of this Agreement shall remain in effect through the Term, notwithstanding the repayment of the Loan by Owner prior to the Maturity Date. The covenants contained in Paragraph 7 of this Agreement shall remain in effect in perpetuity.

The Improvements to the curblin(e) and the maintenance thereof touch and concern the Site and inure to the benefit of any and all present or successive owners of the Site. Therefore, whenever the word "owner" is used herein, it shall include the owner as of date of execution of this Agreement, and any and all successor owners or assigns of the Site, and the provisions hereof are expressly binding upon all such successive owners and assigns and the parties agree all such provisions shall run with the land. The Commission shall cause a fully executed copy of this Agreement to be recorded in the Office of the Los Angeles County Recorder. Notwithstanding the foregoing, in the event Owner or its successors or assigns shall convey its fee interest in all or any portion of the Site, the conveying owner shall be free from and after the date of recording such conveyance of all liabilities, respecting the performance of the restrictions, covenants or conditions contained in this Agreement thereafter to be performed with respect to the Site, or any part thereof, it being intended that the restrictions, covenants and conditions shall be binding upon the record owners of the Site only during such time as that person is the owner of the Site, provided that the conveying owner shall remain liable for any actions prior to the date of the conveyance.

(9) Enforcement. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the Commission shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the Commission for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of the Commission is for the benefit of the real property owned by the Commission in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. the Commission shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to

exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for the Commission, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

(10) Compliance with Law. Owner shall comply with all Applicable Governmental Restrictions relating to the uses of or condition of the Site private improvements and public improvements to the curblin(e)s. Local laws for the purposes of this paragraph shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

(11) Indemnification and Insurance. From and after the execution of this Agreement, Owner hereby agrees to indemnify and hold harmless the Commission and all its members, directors, agents, officers and employees ("Commission Representatives"), and each of them, from and against all liability, expense, including reasonable defense costs and legal fees of counsel acceptable to the Commission, and claims ("Losses and Liabilities") related directly or indirectly to, or arising out of or in connection with (i) any breach or default by Owner hereunder, (ii) any of Owner's activities on the Site (or the activities of Owner's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Site), including without limitation the construction of any improvements on the Site or the use or condition of any such improvements, or (iii) any other fact, circumstance or event related to Owner's performance hereunder; provided, however, that the foregoing indemnity shall not extend to any Losses and Liabilities to the extent resulting from the negligence or misconduct of the Commission and/or any the Commission Representatives.

Without limiting Owner's indemnification of the Commission as set forth above, upon Owner obtaining record title to the Site, Owner shall provide and maintain at its sole cost and expense for the periods stated below, the following insurance program from insurers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide:

- a. Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of a least one million dollars (\$1,000,000) for each occurrence (\$2,000,000 General

Aggregate), including products and completed operations coverage. The Commission and all the Commission Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Owner, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Said insurance shall be maintained continuously for as long as Owner shall own the Site, and shall be endorsed to require thirty (30) days prior written notice from insurer to the Commission before cancellation or reduction in coverage. Owner shall require its contractor to include the Commission and the Commission Representatives as additional insureds on all general liability insurance covering work at the Site. The policy shall contain a waiver of subrogation for the benefit of the Commission.

b. "All Risk" ISO Special Form property insurance. Coverage shall include debris removal and shall provide protection for earthquake and flood if this protection is available from responsible carriers at reasonable costs. The Commission shall be the loss payee under the aforementioned policy(ies) under a standard lender's loss payable endorsement. The amount of property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property, and the insurer shall waive any coinsurance via an "agreement" endorsement.

c. Worker's Compensation insurance as required by the Labor Code of the State of California and Employer Liability limits of \$1,000,000 per accident.

d. Automobile Liability insurance with a combined single limit of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, nonowned and hired vehicles.

Owner shall annually (or more frequently in the event of a change of insurer or policy) deliver to the Commission certificates of insurance with original endorsements evidencing the coverage required by this Agreement. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time.

Said insurance may provide for such deductibles or self-insured retention as may be reasonably acceptable to the Commission. In the event such insurance does provide for deductibles or self insurance, Owner agrees that it will protect the Commission and the Commission Representatives in the same manner as these interests would have been protected had full commercial insurance been in effect. If required by the Commission from time to time, Owner shall reasonably increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Failure on the part of Owner to procure or maintain required insurance shall constitute a material breach of this Agreement under which the Commission may, at the discretion of the Commission, procure or renew such insurance and pay any and all reasonable premiums in connection therewith, and all monies so paid by the Commission shall be repaid by Owner to the Commission upon demand.

(12) Bodily Injury and Site Damage Insurance Requirements. Owner shall indemnify, defend, assume all responsibility for and hold the Commission and its officers, employees, and agents harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys' fees and court costs), which result from any of Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after termination of this Agreement.

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available, its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

(13) Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default in accordance with Paragraph (16)e hereof. The defaulting party shall no longer be in default if the defaulting party cures such default within thirty (30) days after receiving the Default Notice; provided, however, that if such default cannot be reasonably cured within such thirty (30) day period, the defaulting party shall be given such longer period as reasonably necessary (which in the case of a default by Owner shall be as reasonably determined by the Commission) and the defaulting party shall no longer be in default if it commences to cure such default within such thirty (30) day period and completes such cure with reasonable and due diligence.

The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the Commission or Owner may have at law or at equity.

(14) Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and the Commission.

(15) Attorney's Fees. In the event of litigation arising out of any breach of this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

(16) Miscellaneous Provisions.

a. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement.

b. Severability. Invalidation of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

c. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

d. Effective Date. This Agreement shall take effect upon its recording in the Office of Los Angeles County Recorder.

e. Notices. Formal notices, demands, and communications between the Commission and Owner shall be given either by personal service, by overnight courier, or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the principal offices of the Commission or Owner, as follows:

If to the Commission: Community Development Commission of the County of
Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission of the County of
Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Owner: Hacienda Senior Partners, L.P.
c/o Residential Communities Inc., Esther Valadez
2350 Hyperion Avenue
Los Angeles, CA 90027
Fax No. (323) 644-1354

Hacienda Senior Partners, L.P.
c/o Los Robles Development Corporation, George Ho
11400 Olympic Blvd., Suite 200
Los Angeles, CA 90064

Fax No. (310) 445-8667

With a copy to: Hacienda Senior Partners. L.P.
C/o Gateway Community Housing Corporation
1358 Summitridge Drive
Diamond Bar, CA 91765
Fax No. (626) 396.1754

Notices shall be effective upon receipt, if given by personal delivery, the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

f. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

g. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

IN WITNESS WHEREOF, the Commission and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

COMMISSION:

**COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY OF LOS
ANGELES,**
a Public Body Corporate and Politic

By: _____
CARLOS JACKSON, Executive Director

APPROVED AS TO FORM:

Lloyd W. Pellman, County Counsel

By: _____
Deputy

BORROWER:

HACIENDA SENIOR PARTNERS, L.P.,
a California limited partnership

By: RESIDENTIAL COMMUNITIES
INCORPORATED,
a California corporation, Co-General Partner

By: _____
Esther L. Valadez, President

By: LOS ROBLES DEVELOPMENT
CORPORATION,
a California corporation, Co-General Partner

By: _____
George Ho, President

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 200____, before me _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 200____, before me _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature_____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 200_____, before me _____, Notary Public,
personally appeared _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "A" TO CC&Rs

LEGAL DESCRIPTION OF SITE

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

THE EASTERLY 165.12 FEET OF THE WESTERLY 655.36 FEET, MEASURED ALONG THE
SOUTHERLY LINE OF LOT 2 OF THE KWIS TRACT, IN THE COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 18 PAGE 82 OF MAPS, IN
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

EXCEPTING THEREFROM THE PRECIOUS METALS AND ORES THEREOF AS EXCEPTED
FROM THE PARTITION BETWEEN JOHN ROWLAND SR. AND WILLIAM WORKMAN IN THE
PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

END OF LEGAL DESCRIPTION

EXHIBIT "B" TO CC&Rs

Community Development Commission of the County of Los Angeles **ORDINARY MAINTENANCE AND REPAIRS**

Ordinary maintenance is the routine work of keeping the buildings, grounds, and equipment in such condition that they may be utilized continually at their original or designed capacities and efficiencies for their intended purposes. Minor repair is the restoration of the facility to a condition substantially equivalent to its original capacity. Minor replacement is the substitution of component parts of equipment to extend its useful life.

In order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. "Grounds" includes lawns, roads, walks and other paved areas, trees and plants, fences, play areas, drainage facilities, etc. "Buildings" includes roofs, attic spaces, gutters and downspouts, walls, porches, foundations, crawl spaces, windows, floors, doors, etc. "Equipment" covers all items such as utility lines and piping, heating and plumbing equipment, pumps and tanks, ranges and refrigerators, tools, etc.

Set forth below are the standards for the degree of maintenance, repair and cleaning necessary to qualify as "safe, decent and sanitary." The Standards describe the minimum level of cosmetic repair and degree of cleanliness necessary to effectively market the dwelling units and to satisfy the needs of prospective residents. In brief, rental units are to be free of all defects (as described herein) and have an appealing and desirable appearance.

EXTERIOR PROPERTY AREAS

- A. Sanitation. Yards shall be clean and sanitary. All rubbish, garbage, trash, litter, debris, and abandoned personal property are to be removed from the grass, walks, steps, parking areas, and other grounds, as well as the roofs, gutters and window wells.

- B. Lawn Maintenance. Grounds shall be examined for proper drainage and, if necessary, graded to prevent the accumulation of stagnant water and to prevent water from seeping into building structures. All soil areas shall be sodded or seeded, as necessary, to prevent erosion, except garden areas at scattered sites. Weeds, saplings and uncut grass along the foundations of the house and garage, the fences, the walks, the parking areas, the sidewalk expansion joints and the window wells are to be removed. All grounds are to be free of noxious weeds. Bushes, hedges and trees are to be trimmed, if necessary. Grass shall be cut as often as necessary so that it does not exceed five (5) inches in height. The yard will be raked, as necessary.

- C. Walks and Steps. Cracks and Breakage. All front walks, sidewalks, rear walks, steps, driveways and parking pads shall be maintained in such a manner that there are no cracks or heaves large enough to create a safety hazard. Remove chipped and loose pieces of concrete and asphalt, as needed. Remove all graffiti.

EXTERIOR STRUCTURES -- DWELLING AND GARAGE

- D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.
- E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".
- F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.
- G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.
- H. Faucets. Faucets and handles shall work properly.
- I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.
- J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately.

Those deficiencies that are discovered during the winter that require warm weather to properly correct are to be noted for summer repair.

INTERIOR PROPERTY AREAS

- K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or less are to be filled if they are present in sufficient number to give the surface an

undesirable appearance. All patches are to be sanded smooth. All wet plaster shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.

- L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.
- M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.
- N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mud. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Reputty the windows, if necessary. Window locks and other hardware shall function properly.
- O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.
- P. Plumbing Fixtures.
 - i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off." Each faucet shall have a properly installed and functioning aerator, if so designed.
 - ii. Drains shall be tested by a 30-second lukewarm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.
 - iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.

- iv. Toilets shall operate properly. Toilet seats and covers shall be in “like new” condition with no surface finish loss whatsoever.
- v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.
- Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.
- R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.
- S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.
- T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.
- U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.
- V. Attic. Accessible attics shall be free of litter.
- W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.
- X. Pest Control. The Site shall be free of all insect vermin. Remove all insect vermin. Inspect for other vermin and exterminate, if necessary.

EXHIBIT "C" TO CC&Rs

Community Development Commission of the County of Los Angeles
ANNUAL INSPECTION STANDARDS

In order to ensure that all units are maintained in a safe, sanitary, decent condition, the Commission shall conduct a planned annual physical inspection of each dwelling unit, every building, and all other facilities with a record of any item requiring repair or replacement. This will include such items as plaster repairs, painting, termite inspection, roof deterioration, overloading of electric circuits, corrosion control, floors, windows and screens, ranges, refrigerators, fixtures and equipment. The inspection shall be made to the following standard:

DWELLING UNIT -

FLOORS (CARPET): Clean; no tears; no readily noticed marks or stains.

FLOORS (VINYL TILE): Clean; unbroken; no cracks; no unmatched tiles.

WALLS (PAINTED): Clean; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

WALLS (CERAMIC TILE): Tiles in place, secure, uncracked, unmarked (and free of paint); grout intact, uncracked, clean; covering at floor intact, clean.

CEILINGS (SPACKLED): Clean, consistent texture; no marks; no surface breaks.

WINDOWS: Clean; glass unbroken, uncracked; frames secure; latches secure and easily operated; movable parts operate smoothly and easily; screens in place, untorn, movable parts operate smoothly and easily; weather stripping intact and secure.

DRAPES: In place; clean, uniform appearance; no holes, tear; operating mechanism in place, opens/closes smoothly and easily.

DOORS: Door and jambs intact and secure; surface unbroken and with uniform, finished appearance; hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

CLOSET FIXTURES: Rods, shelves in place, clean, unbroken and unmarked.

ELECTRIC RECEPTACLES AND WALL SWITCHES: Fixtures and cover plates intact and unbroken; 110 volt service available; surfaces clean with no evidence of burns on the cover plates. Bathroom and kitchen receptacles protected by Ground Fault Interrupters.

LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

HEATING, AIR COOLING EQUIPMENT: Thermostat operating properly (room temperature within 5 degrees of setting); heating zone valve leak-free; base-board heating fixtures intact, clean.

VENTILATION FANS/HOODS: Fans and lights operable without excessive noise or vibration; filters in place, intact and clean.

KITCHEN CABINETS: Doors, drawers, shelves and hardware in place, clean, intact; surfaces of smooth, unbroken, uniform appearance; all movable parts operate smoothly and easily.

KITCHEN COUNTERTOPS: Surface smooth, unbroken, unmarked, uniform color.

KITCHEN RANGE: External and internal surfaces intact and clean (including under top cover); controls function smoothly and easily, surface burners, bake and broil elements ignite and maintain design performance; doors and drawers operate smoothly and easily.

GARBAGE DISPOSAL: Clean, intact, working properly without excessive noise; splashguard in place, intact, firm.

SINKS: Faucets operate providing a sufficient flow of water (2 to 3 gallons/minute) and shut off free of drips; no evidence of water leakage on top of sink or at drain under sink; drains flow freely with no backup with faucets open fully; sink surface clean, unbroken with no marks or discoloration.

BATHTUB/SHOWER: Faucets operate providing a sufficient flow of water (3 to 5 gallons/minute) and shut off free of drips; drains flow freely with no backup with faucets open fully; tub surface clean, unbroken with no marks or discoloration; grout intact, clean and unbroken; hot water temperature between 105 and 120 degrees (110 degrees at the tap recommended).

MEDICINE CABINET: In place, intact, mounted securely; surface unbroken; mirror intact, clean, uncracked; shelves in place, clean, intact; door intact, operates smoothly and easily, closes securely.

BATHROOM SINK COUNTERTOP: Clean, intact; surfaces of smooth, unbroken, uniform appearance.

BATHROOM TOWEL BARS, GRAB BARS, SOAP DISH AND TOILET PAPER HOLDER: In place, clean, intact and secure.

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank

refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

SMOKE DETECTORS: Operate when tested with approved smoke-tester.

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

INTERCOM AND REMOTE DOOR OPENER: Audible transmission and effective door latch operation.

COMMON AREAS, GROUNDS AND STRUCTURES -

LOBBY AND HALLWAY FLOORS (CARPET): Free of obstruction and litter; clean; no tears, marks, stains; carpet seams secure.

LOBBY AND HALLWAY FLOORS (VINYL TILE): Free of obstruction and litter; clean; unbroken; no cracks; no unmatched tiles.

WALLS AND CEILINGS (PAINTED): Clean; free of defacing; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

INTERIOR AND EXTERIOR LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

DOORS: Door and frames intact and secure; surface unbroken and with uniform, finished appearance (free of defacing); hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

MAILBOXES: Clean; clearly labeled; individual boxes secure.

FIRE EXITS: Doors and exits smoothly and easily operable; signs clearly marked, visible secure and intact.

UNIT ENTRANCES: Unit number clearly identified; doors secure (see Unit Inspection Form).

TRASH ROOMS, MAINTENANCE SHOP AND STOREROOM AND UTILITY ROOMS: Clean, free of odors; doors in place and secure; stored items orderly.

FIRE ALARM SYSTEMS: Inspected by safety inspectors within specified frequency.

FIRE EXTINGUISHERS: In place; filled; inspected with specified frequency.

ELEVATORS: Odor-free; floors and walls of cab clean, free of defacing, smooth, unbroken surface (no holes), no marks; doors working properly; floor buttons working properly; floor number clearly marked and visible in each hallway at the elevator exit; ventilation fan operating quietly; emergency call system functioning as designed; equipment inspected and maintenance work performed on contract schedule.

DRIVEWAYS AND PARKING LOTS: Clean; litter and graffiti-free; free of obstructions (especially abandoned or inoperable vehicles); surface unbroken, free of oil stains; painted stripes clearly visible; handicapped parking signs clearly visible.

GROUNDS AND STRUCTURES

SIDEWALKS AND STAIRWELLS: Clean; litter and graffiti-free; free of obstructions; smooth, unbroken surface (free of tripping hazards).

UTILITY METERS: Intact, covers secure.

TRASH AREAS: Free of debris; containers and covers secure, free of graffiti, in good repair.

ROOFS: Surface unbroken; no sign of puddling; free of litter, foreign objects; flashing intact and sealed; stacks and vents free of obstruction; gutters and downspouts clean, clear and secure.

LAWNS: Grass trimmed to no more than 3" high; litter-free; borders edged; weed-free; no bare spots.

TREES AND SHRUBS: Trimmed and pruned in season; no obstruction of walkways or overhang.

EXHIBIT "D" TO CC&RS

Community Development Commission of the County of Los Angeles
PREVENTIVE MAINTENANCE STANDARDS
(HOME – PROJECT NO. HE0074)

Preventive maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventive maintenance reduces long-range operating costs and lessens the necessity for major restorations and improvements. Preventive maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the tenants (pursuant to California Health & Safety Code 17910 *et seq.*):

Scheduled checking, adjusting, cleaning, and lubricating heating equipment.

Periodic inspection of ranges, hot water heaters, and space heaters for mechanical performance and for needed replacement of worn or broken parts.

Inspecting, servicing, and replacing worn parts in electro-mechanical equipment.

Checking and repairing plumbing fixtures, toilet tanks, drains, condition of porcelain, etc.

Termite and vermin inspection and elimination, by a Commission licensed firm.

Periodic interior and exterior painting.

Inspecting and patching roofs, gutters, downspouts, and flashing.

Inspecting underground facilities for corrosion and control thereof.

Inspecting for condensation, dampness, and fungus in wood and for rust in iron components and taking appropriate corrective measures.

Patching paved surfaces and sealcoating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

Installing protective barriers, where needed, for planted areas and trees.

Checking fire safety equipment for operable use.

Caulking around bathtubs, tiles, countertops, windows, and doors to avoid water damage.

Administration and implementation of the preventative maintenance program shall be performed on the following schedule or a schedule approved by the Commission prior to implementation:

- | | | |
|-----|--|----------|
| 1. | Annual Dwelling Inspections and Corrections | 1 year |
| 2. | Heating Furnace Services: | |
| | Minor Inspections and Services | 3 months |
| | Major Inspections and Services | 2 years |
| 3. | Fire Extinguisher and Alarm Inspections and Services | 1 month |
| 4. | Range Hood and Motor Inspections and Services | 1 year |
| 5. | Project Site Inspections and Corrections | 1 year |
| 6. | Roofing Inspections and Corrections | 1 year |
| 7. | Project Fencing Inspection | 1 year |
| 8. | Security Lighting Inspections and Services | 1 year |
| 9. | Trees and Shrubbery Inspections and Corrections | 1 year |
| 10. | Water Heater Inspections and Services | 1 year |
| 11. | Sewer Lift Station Inspections and Services | 6 months |
| 12. | Septic Tank Inspections and Services | 1 year |
| 13. | Street Pavement Inspections and Corrections | 1 year |
| 14. | Weather Stripping and Caulking | 1 year |
| 15. | Interior Painting of Units | 5 years |
| 16. | Exterior Painting of Units: | |
| | Wood siding and trim | 3 years |
| | Brick walls, stucco walls and steel sash | 5 years |

EXHIBIT "E" TO CC&RS
SUPPORTIVE SERVICES AGREEMENT
(HOME – PROJECT NO. HE0074)

(Please see attached pages)

HARMONY CREEK

SUPPORTIVE SERVICES

SERVICE NEEDS OF THE POPULATION:

Services are a vital part of any senior development. The service needs of the elderly vary along a continuum from supporting independent living to full time care for frail seniors with physical and/or mental disability. Harmony Creek will be an independent living facility which provides its residents with access to case management and supportive services that assist them with the activities of daily living so that they can continue to live independently with dignity as long as possible.

The residents at Harmony Creek will have access to an array of services that support self sufficiency, including but not limited to: personalized case management, nutrition and meal services, transportation and shopping assistance, access to medical services and health screening, money management, housekeeping and home chore assistance, social and recreational activities, service referrals, in home personal care, a buddy system, and staff vigilance. The services may be modified over time, as needed by the Residents and subject to availability, however, at least two will be provided for not less than ten (10) years.

Social Service Coordination : To the extent possible, Hacienda Senior Partners will provide a professional social worker with an appropriate degree who speaks the predominate language of the residents. The social worker will meet with residents on-site and will perform a needs assessment to establish individual service plans for each resident. Services will include direct services from the social worker and could also involve, on an as-needed basis: referral to other professionals; referral to other helping agencies, and/or coordination of collateral services. In addition, Hacienda Partners, L.P. will provide on-site a social service resource guide specific to the project and the local area that can be utilized by the Resident Manager or Gateway to refer residents to services or to bring services to the site.

The project will maintain a full time Resident Manager who will work with the case manager. The Executive Director will meet with the Resident Manager before occupancy to introduce the manager to the role of case management and to establish a working relationship between the property manager and the social worker that will benefit the residents.

The Resident Manager will play a pivotal role in the provision and planning of supportive services for the project's residents. As essential member of the team, the Resident Manager will meet regularly with the case manager to provide information and recommendations with respect to the needs of the residents and nature of potential problems. The Resident Manager will be trained to be able to provide social service referrals and to respond in the event of a crisis.

HARMONY CREEK

SUPPORTIVE SERVICES: The following supportive services will be available to the Harmony Creek residents:

Nutrition/Meal Service – The proposed project is designed for independent or semi-independent senior living. It is not anticipated that meal service on site will be necessary. However, it can be expected that over time some seniors will need food service assistance. For these residents there are several meal and nutrition programs available. Meals on Wheels provides home delivered meals at no cost for seniors who are unable to provide for their own nutritional needs. The Greater La Puente Valley Meals on Wheels Program provides Meals on Wheels service for the Hacienda Heights Community. This program can be contacted by the case manager or Resident Manager to bring meals to residents who need this assistance. The Steinmetz Senior Center provides a daily lunch program (Monday through Friday) subsidized by the County of Los Angeles. There are two menu selections daily, one traditional and the other Asian. A donation is requested for the lunch. The Project's residents will be eligible for all of the services available at the Steinmetz Center including the meal services.

In-Home Services - As senior residents "age in place" in-home assistance to support independence is increasingly necessary. In home services available to residents through referral from local agencies, such as Santa Anita Family Services, include housekeeping, meal preparation, and assistance with bathing and dressing. It will be the responsibility of case management in conjunction with the Resident Manager to identify those residents in need of these services and to provide the connection to the appropriate provider.

Transportation - Harmony Creek is centrally located in an urban area that is fully served by public and private facilities. Access to all utilities, fire department, police, transportation and health services is immediately available. In addition, for the convenience of its Senior residents, the proposed site is immediately adjacent to bus transportation.

A major supermarket (Ralph's) is located one and one-half mile west of the site in a small shopping center with other neighborhood-oriented commercial businesses. In addition, one and one-quarter mile south of the site on Hacienda Avenue, is a larger shopping district with Von's, Rite Aid, banks, restaurants, and retail shops. Gale Medical Center is located within one-half mile of the site. There are dental offices, chiropractors, and holistic medicine/acupuncture offices within walking distance of the site.

Residents who need transportation to reach these services and/or shopping can access Dial-a-Ride through Community Dial-a Ride, a Los Angeles County-funded agency or the Steinmetz Senior Center. Dial-a-Ride will provide Harmony Creek residents van transportation (with handicapped access) within the unincorporated County and up to 3 miles outside the service area Monday through Friday from 8 a.m. to 5 p.m. There is a \$0.50 charge each way. The Resident Manager will work with

HARMONY CREEK

Seniors to link them to transportation programs. Seniors who prefer to use public transportation can access a bus line approximately two blocks west of the site.

Health Services - Residents will be connected to health services and support such as nursing and therapy home visits. Care Management, which provides in home medical assistance, is available through local health service providers, such as Santa Anita Family Services. A listing of local medical service providers will be maintained on-site for use by the Resident Manager and case manager. The Resident Manager will make information available to the residents with respect to the location of medical screening, health fairs and other health care-related programs available at local agencies or senior centers. To the extent possible, the Resident Manager will encourage health service providers to bring the services on-site in the recreation room.

Social Activities /Recreation - Social activities will be a combination of on-site events and those available through local senior centers and clubs. The Tenant Management Committee will have primary responsibility for planning and coordinating on-site activities such as holiday parties, potluck dinners, exercise classes, card and domino games, trips and tours. The Resident Manager will serve as a resource for the Tenant Management Committee and will support their efforts by providing supplies and administrative assistance. The Steinmetz Center has an array of clubs, activities and trips/tours. Gateway and Resident Manager will network with the Steinmetz Senior Center to encourage resident participation in their programs and to have representatives from the Center visit Harmony Creek to meet with residents to explain their programs.

On-site Non-Shelter Programs – The Resident Manager and Gateway will work with the Tenant Management Committee to develop on-site programs such as:

1. Buddy System - linking senior residents to assure that the absence or illness of any senior is noticed and that someone is alerted.
2. Gardening Club – establishing resident gardening areas and maintaining the gardens
3. Exercise Programs – utilizing the community room and patio for exercise classes.
4. Program Management and Monitoring – establishing a system of resident meetings or questionnaires that monitor the on-site programs and property management.
5. Senior Volunteers – establishing programs where seniors can volunteer for on-site programs or to help local community organizations.

HARMONY CREEK

RESIDENT PARTICIPATION

As part of its asset management plan, Gateway Community Housing Corporation (GCHC), Harmony Creek's Managing General Partner, works to establish resident participation in property operations through resident representatives that are supported by on-site management. Residents are encouraged to attend resident meetings and informal events are held to encourage management and tenant communication. The management company in conjunction with GCHC works closely with the residents and their case managers (where appropriate) to create a culturally sensitive and effective resident participation process.

This process will focus on the creation of a Tenant Management Committee (TMC). The committee will be comprised of project residents. They will represent the tenants of the building on matters relating to building management, tenant use of the building and common areas, on-site resident programs and social events. The TMC will meet regularly and at each meeting tenants and the committee members will be encouraged to make recommendations and to raise issues of concern. The Resident Manager and the Case Manager will work with the TMC to establish a system of resident interviews or questionnaires that monitor the on-site programs and property management. Formal recommendations and complaints will be forwarded to the Management Company and to GCHC for action.

EXHIBIT "F" TO LOAN AGREEMENT

PROJECT DESCRIPTION (HOME – PROJECT NO. HE0074)

Harmony Creek Apartments is a 75-unit development with 74 affordable units designed for low- and very low-income senior residents in Hacienda Heights. Thirty percent or 23 of the units will be affordable to seniors with income at no more than 50 percent of area median income for the area and 70 percent or 51 (excluding the manager's unit) of the units will be affordable to seniors with incomes at no more than 60 percent of area median income.

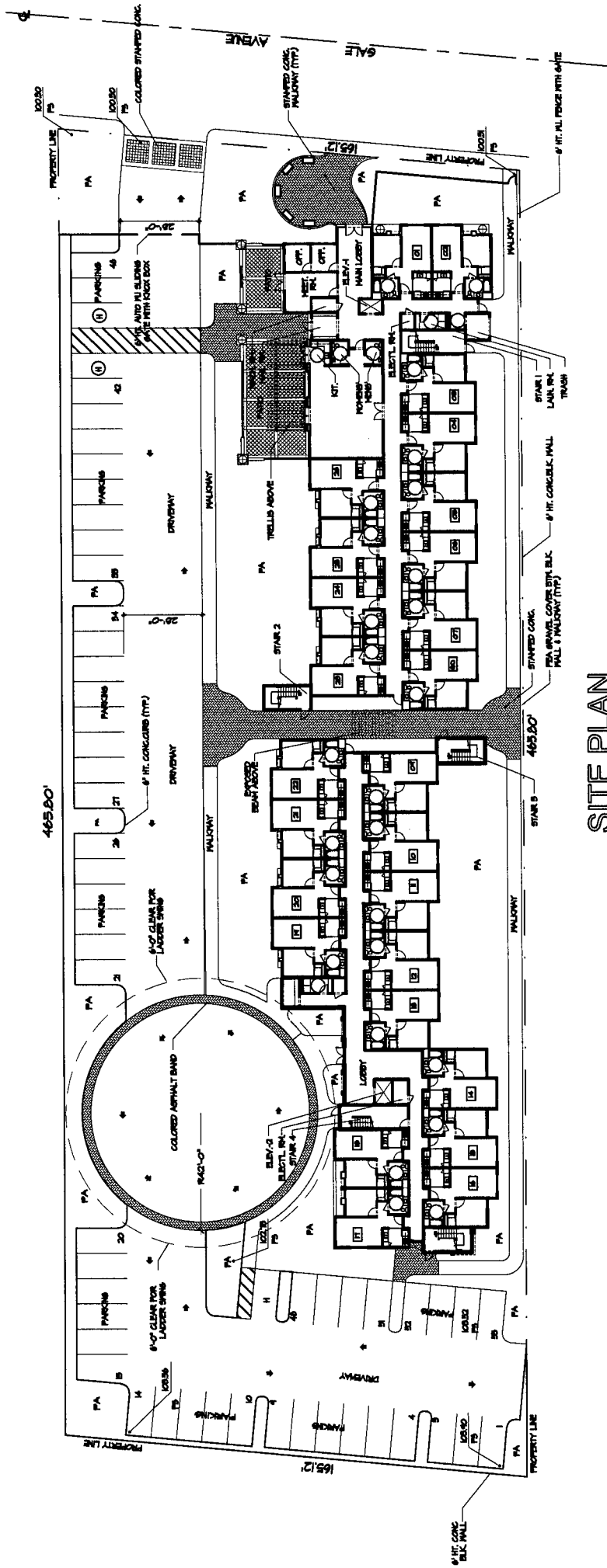
The project will be built on grade with on-site parking and ample open areas. All of the units (except for the manager's unit) will have one bedroom. The project will feature a recreation/community room, a two-bedroom manager's residence, two laundry areas, two elevators and two lushly landscaped courtyards with seating areas.

Harmony Creek will be developed and owned by Hacienda Senior Partners, L.P., a California limited partnership. Hacienda Senior Partners, L.P. is a collaboration between Residential Communities Inc. (RCI), a California Corporation and Los Robles Development Corporation (LRC), a California Corporation, as developers, and Gateway Community Housing Corporation (Gateway), a California non-profit public benefit corporation.

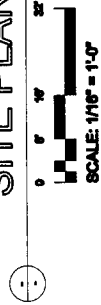
EXHIBIT "G" TO LOAN AGREEMENT

SITE PLANS & ELEVATIONS
(HOME – PROJECT NO. HE0074)

(Please see attached pages)



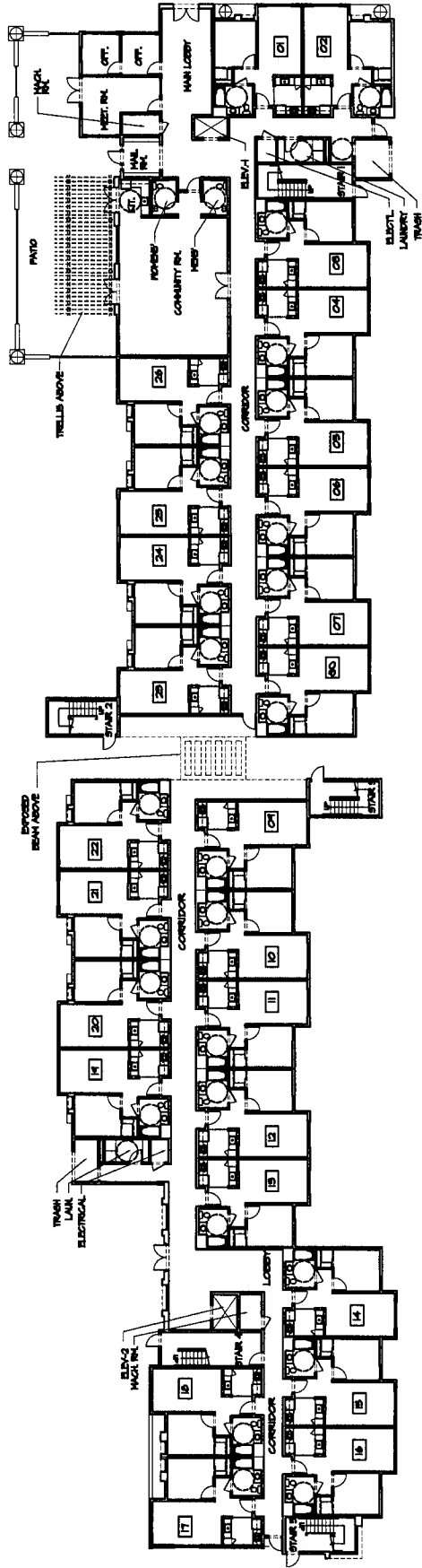
SITE PLAN



TOTAL SITE AREA = 76,913 SQ.FT.
 COMMON AREA = 1686 SQ.FT.
 PARKING SPACES PROVIDED = 65
 NUMBER OF APARTMENTS = 76

HARMONY CREEK
 16564 GALE AVENUE, HACIENDA HEIGHTS, CALIFORNIA 91746

BIRBACROUP
 2350 Hypation Avenue, Los Angeles 90027
 323.668.5768



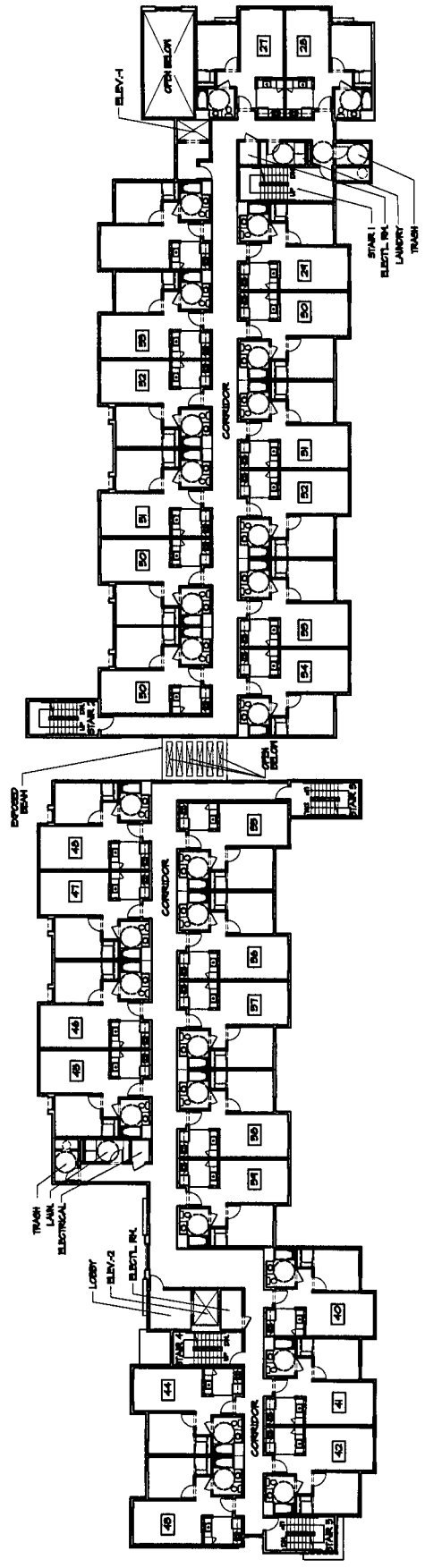
GROUND FLOOR PLAN



SCALE: 1/16" = 1'-0"

HARMONY CREEK
 15554 GALE AVENUE, HACIENDA HEIGHTS, CALIFORNIA 91745

BIRBACGROUP
 2350 Hyperion Avenue, Los Angeles 90027
 323.666.9768

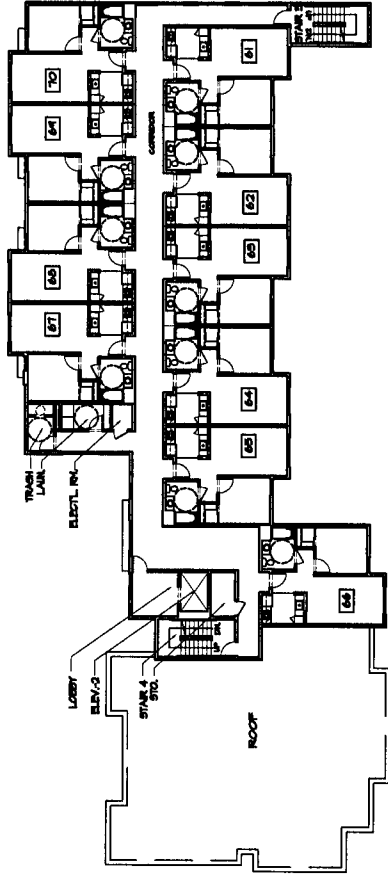
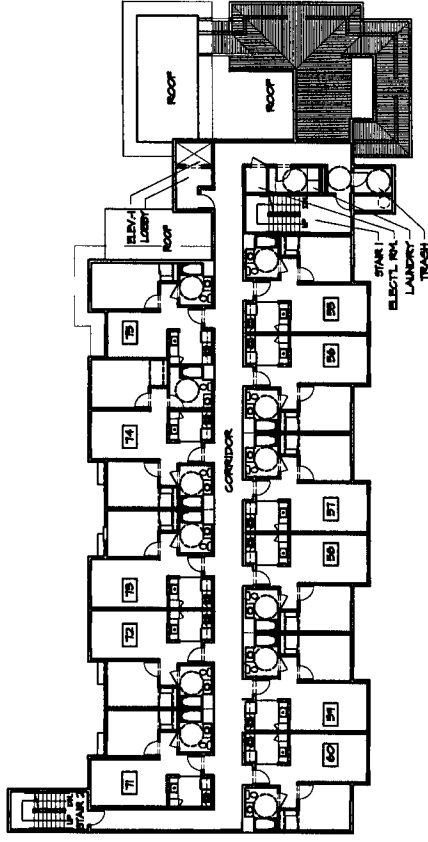


SECOND FLOOR PLAN



HARMONY CREEK
 15554 GALE AVENUE, HACIENDA HEIGHTS, CALIFORNIA 91745

BIRBACGROUP
 2350 Hyperion Avenue, Los Angeles 90027
 323.666.9788

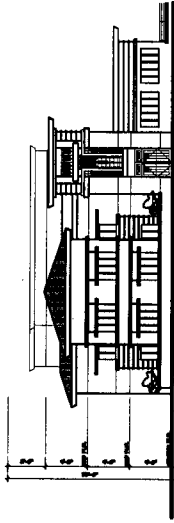


THIRD FLOOR PLAN

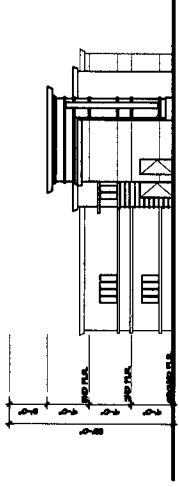


HARMONY CREEK
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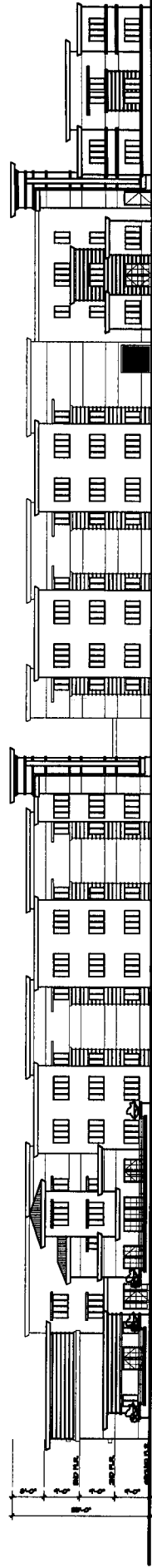
BIRBACROUP
 2350 Hyperion Avenue, Los Angeles 90027
 323.666.9768



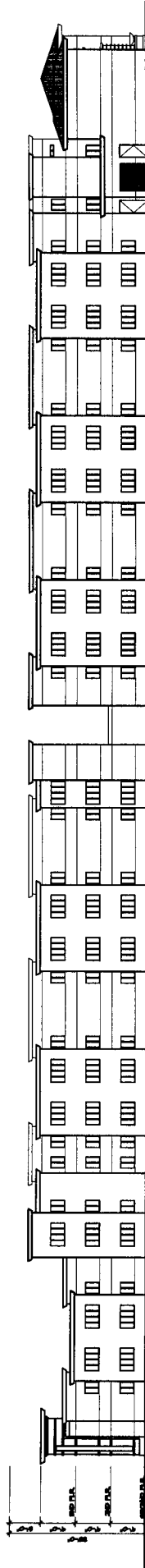
FRONT ELEVATION



SOUTH ELEVATION



WEST ELEVATION



EAST ELEVATION



HARMONY CREEK
15564 GALE AVENUE, HACIENDA HEIGHTS, CALIFORNIA 91745

BIRBAGROUP
2350 Hyperion Avenue, Los Angeles 90027
323.666.9768 323.666.7866 FAX

EXHIBIT "H" TO LOAN AGREEMENT

DEVELOPMENT PROFORMA
(HOME – PROJECT NO. HE0074)

(Please see attached pages)

15 Year Proforma of
Revenue and Expense Projections
Harmony Creek Apartments

	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Potential Residential Gross Income	\$501,859	\$514,406	\$527,266	\$540,447	\$553,959	\$567,808	\$582,003	\$596,553	\$611,467	\$626,753	\$642,422	\$658,483	\$674,945	\$691,818	\$709,114
Miscellaneous Income	\$5,400	\$5,535	\$5,673	\$5,815	\$5,961	\$6,110	\$6,262	\$6,419	\$6,579	\$6,744	\$6,912	\$7,085	\$7,262	\$7,444	\$7,630
Potential Residential Gross Income	\$507,259	\$519,941	\$532,939	\$546,263	\$559,919	\$573,917	\$588,265	\$602,972	\$618,046	\$633,497	\$649,335	\$665,568	\$682,207	\$699,262	\$716,744
Less Vacancy & Collection Loss 5.00%	(\$25,363)	(\$25,997)	(\$26,647)	(\$27,313)	(\$27,996)	(\$28,696)	(\$29,413)	(\$30,149)	(\$30,902)	(\$31,675)	(\$32,467)	(\$33,278)	(\$34,110)	(\$34,963)	(\$35,837)
Effective Gross Income (EGI)	\$481,896	\$493,944	\$506,292	\$518,950	\$531,923	\$545,221	\$558,852	\$572,823	\$587,144	\$601,822	\$616,868	\$632,290	\$648,097	\$664,299	\$680,907
Less Annual Operating Expenses (Residential)	(\$201,500)	(\$208,553)	(\$215,852)	(\$223,407)	(\$231,226)	(\$239,319)	(\$247,695)	(\$256,364)	(\$265,337)	(\$274,624)	(\$284,236)	(\$294,184)	(\$304,480)	(\$315,137)	(\$326,167)
Less Social Service Amenities Costs	(\$8,500)	(\$8,798)	(\$9,105)	(\$9,424)	(\$9,754)	(\$10,095)	(\$10,449)	(\$10,814)	(\$11,193)	(\$11,585)	(\$11,990)	(\$12,410)	(\$12,844)	(\$13,294)	(\$13,759)
Less Taxes (Residential)	(\$2,000)	(\$2,040)	(\$2,081)	(\$2,122)	(\$2,165)	(\$2,208)	(\$2,252)	(\$2,297)	(\$2,343)	(\$2,390)	(\$2,438)	(\$2,487)	(\$2,536)	(\$2,587)	(\$2,639)
Less Replacement Reserve Deposits	(\$15,000)	(\$15,525)	(\$16,068)	(\$16,631)	(\$17,213)	(\$17,815)	(\$18,439)	(\$19,084)	(\$19,752)	(\$20,443)	(\$21,159)	(\$21,900)	(\$22,666)	(\$23,459)	(\$24,280)
Net Annual Operating Income (NOI)	\$254,896	\$259,029	\$263,186	\$267,366	\$271,566	\$275,784	\$280,017	\$284,263	\$288,518	\$292,780	\$297,045	\$301,310	\$305,570	\$309,822	\$314,062
Less Debt Service Bond Issue Mortgage	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)	(\$221,649)
Less Partnership Management Fee	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
NOI After Regular Debt Service	\$23,247	\$27,380	\$31,537	\$35,717	\$39,917	\$44,135	\$48,368	\$52,614	\$56,870	\$61,131	\$65,396	\$69,661	\$73,921	\$78,173	\$82,413
Deferred Developer Fee \$215,000	\$23,247	\$27,380	\$31,537	\$35,717	\$39,917	\$44,135	\$48,368	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$35,301	\$52,614	\$56,870	\$61,131	\$65,396	\$69,661	\$73,921	\$78,173	\$82,413
Residual Receipts HACoLA 65.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$22,945	\$34,199	\$36,965	\$39,735	\$42,508	\$45,280	\$48,049	\$50,812	\$53,568
Cash Flow After Debt Service 35.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$12,355	\$18,415	\$19,904	\$21,396	\$22,889	\$24,381	\$25,872	\$27,361	\$28,844
Percentage of Gross Income (Residential)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.12%	3.09%	3.26%	3.41%	3.56%	3.70%	3.83%	3.95%	4.07%
Debt Coverage Ratio	1.15	1.17	1.19	1.21	1.23	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42
Total Potential Gross Income	\$501,859	\$514,406	\$527,266	\$540,447	\$553,959	\$567,808	\$582,003	\$596,553	\$611,467	\$626,753	\$642,422	\$658,483	\$674,945	\$691,818	\$709,114
Total Cash Flow to Developer	\$0	\$0	\$0	\$0	\$0	\$0	\$12,355	\$18,415	\$19,904	\$21,396	\$22,889	\$24,381	\$25,872	\$27,361	\$28,844
Percentage of Gross Income (Total)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.12%	3.09%	3.26%	3.41%	3.56%	3.70%	3.83%	3.95%	4.07%

Rent Increase Rate per year 2.50%
Expenses Increase Rate per yr 3.50%
Taxes Increase Rate Per year 2.00%

I. Annual Residential Operating Expenses

General Administrative

Advertising	\$680	
Legal	\$4,245	
Accounting/Audit	\$8,490	
Security	\$0	
Other: Office	\$5,943	
Total General Administrative		\$19,358

Management Fee

\$34,200

Utilities

Fuel	\$0	
Gas	\$5,095	
Other (Electricity)	\$25,471	
Total Utilities		\$30,566
Total Water/Sewer		\$25,471

Payroll/Payroll Taxes

On-site Manager	\$21,226	
Maintenance Personnel	\$8,490	
Other Benefits & Payroll Taxes	\$4,245	
Total Payroll/Payroll Taxes		\$33,961
Total Insurance		\$17,196

Maintenance

Painting	\$6,226	
Repairs	\$14,150	
Trash Removal	\$5,095	
Exterminating	\$2,547	
Grounds	\$4,245	
Elevator	\$3,396	
Other Supplies & Janitorial	\$4,806	
Total Maintenance		\$40,465

Other (specify) \$283

Total Other \$283

*** TOTAL ANNUAL RESIDENTIAL OPERATING EXPENSES**

\$201,500

**** TOTAL NUMBER OF UNITS IN PROJECT**

75

ANNUAL OPERATING EXPENSES PER UNIT (divide*/)**

\$2,687

TOTAL SERVICE AMENITIES BUDGET

\$8,500

TOTAL RESERVE FOR REPLACEMENT

\$15,000

TOTAL REAL ESTATE TAXES

\$2,000

J. Annual Commercial Operating Expenses

TOTAL COMMERCIAL SPACE EXPENSE

\$0

TOTAL ANNUAL COMMERCIAL DEBT SERVICE

\$0

HARMONY CREEK SENIOR HOUSING

75 UNITS

BOND ISSUE MORTGAGE, "4%" TAX CREDITS, HOME GAP LOAN

30% at 50% of Median Income

UNIT MIX AND RENTS

# BEDROOMS	EFFICIENCY	ONE	TWO	THREE	FOUR	TOTAL	PERCENT
MANAGER'S UNIT -- not restricted							
# UNITS	0	0	1	0	0	1	1%
RENT	\$314	\$484	\$620	\$0	\$0		
TOTAL RENT	\$0	\$0	\$620	\$0	\$0	\$620	
Affordable at % median	0%	60%	0%	0%	0%		
GROSS RENTS	\$0	\$634	\$0	\$0	\$0	\$0	
TAX CREDIT VERY LOW INCOME UNITS @50% OF MEDIAN							
# UNITS	0	23	0	0	0	23	31%
RENT	\$448	\$484	\$620	\$716	\$798		
TOTAL RENT	\$0	\$11,132	\$0	\$0	\$0	\$11,132	
Affordable at % median	49%	50%	49%	49%	49%		
GROSS RENTS	\$482	\$528	\$620	\$716	\$798	\$12,144	
TAX CREDIT LOW INCOME UNITS @60% OF MEDIAN							
# UNITS	0	51	0	0	0	51	68%
RENT	\$571	\$590	\$744	\$859	\$958		
TOTAL RENT	\$0	\$30,070	\$0	\$0	\$0	\$30,070	
Affordable at % median	58%	60%	59%	59%	59%		
GROSS RENTS	\$571	\$634	\$744	\$859	\$958	\$32,314	
TOTAL UNITS							
# UNITS	0	74	1	0	0	75	100%
TOTAL RENT	\$0	\$41,202	\$620	\$0	\$0	\$41,822	
TOTAL GROSS RENT	\$0	\$44,458	\$0	\$0	\$0	\$44,458	
Affordable at % median	0%	57%	0%	0%	0%	56%	

ANNUAL INCOME AND OPERATING COSTS	
GROSS RESIDENTIAL INCOME	\$501,859
LAUNDRY INCOME	\$5,400
GROSS INCOME	\$507,259
VACANCY ALLOWANCE 5%	\$25,363
NET INCOME	\$481,896
OPERATING EXPENSES \$ 2,800	\$210,000
PROPERTY TAXES	\$2,000
RESERVE FOR REPLACEMENTS \$ 200	\$15,000
TOTAL EXPENSES & RESERVES	\$227,000
NET INCOME BEFORE DEBT SERVICE	\$254,896

DEBT SERVICE SUPPORTABLE MORTGAGE	
INTEREST RATE	7.00%
TERM (YEARS)	30
DEBT SERVICE RATIO	1.15
MONTHLY CONSTANT	0.006653025
MORTGAGE AMOUNT	\$2,776,292
MORTGAGE PAYMENTS	(\$221,649)

HARMONY CREEK SENIOR HOUSING

BOND ISSUE MORTGAGE, "4%" TAX CREDITS, HOME GAP LOAN

30% at 50% of Median Income

DRAFT DEVELOPMENT BUDGET

USES		COSTS	SUBTOTAL	PER UNIT	BASIS	AGGREGATE BASIS
Total Land Cost or Value		\$1,440,000			\$0	\$1,440,000
Land: Option Costs		\$115,000				\$115,000
Off-Site Improvements		\$25,000			\$0	\$25,000
Demolition		\$0			\$0	\$0
Total Land Related			\$1,580,000	\$21,067		
Site Work		\$626,881			\$626,881	\$626,881
Structures		\$4,101,350			\$4,101,350	\$4,101,350
General Requirements	8.40%	\$344,323			\$344,323	\$344,323
Overhead/Profit	5.60%	\$265,000			\$265,000	\$265,000
Toxic Mitigation Expense		\$0			\$0	\$0
Subtotal Construction	14.00%		\$5,337,554	\$71,167		
Architecture Design	4.12%	\$220,000			\$220,000	\$220,000
Supervision	0.94%	\$50,000			\$50,000	\$50,000
Subtotal Architectural			\$270,000	\$3,600		
Survey and Engineering		\$42,000	\$42,000	\$560	\$42,000	\$42,000
Construction Interest						
Loan Amt.	\$5,500,000					
Rate	6.00%					
Term	18	\$297,000			\$297,000	\$297,000
Construction Int. after PIS						
Term	4	\$110,000			\$110,000	\$110,000
Construction Loan Origination Fee	1.00%	\$55,000			\$55,000	\$55,000
Lender Inspection Fees		\$37,000			\$37,000	\$37,000
Bond Premium	1.00%	\$53,376			\$53,376	\$53,376
Taxes During Construction		\$36,000			\$36,000	\$36,000
Insurance During Construction		\$75,000			\$75,000	\$75,000
Title & Recording (Construction)		\$20,000			\$20,000	\$20,000
Subtotal Construction Interest & Fees			\$683,376	\$9,112		
Construction Contingency	6.00%	\$320,253	\$320,253	\$4,270	\$320,253	\$320,253
Permanent Loan Origination Fees	1.00%	\$27,760			\$0	\$0
Industry Monitoring Fee		\$9,430			\$0	\$0
Credit Enhancement/Ap. Fees		\$500			\$0	\$0
Title & Recording (Permanent)		\$15,000			\$0	\$0
Cost of Issuance		\$100,000			\$0	\$0
Subtotal Permanent Financing			\$152,690	\$2,036		
Lender Legal		\$25,000			\$25,000	\$25,000
Real Estate		\$25,000			\$25,000	\$25,000
Subtotal Attorney Costs			\$50,000	\$667		
Market Study		\$6,000			\$0	\$6,000
Appraisal		\$6,000			\$3,000	\$6,000
Subtotal Appraisal Expense			\$12,000	\$160		
Rent Reserves	# months: 5	\$209,108	\$209,108	\$2,788	\$0	\$0
TCAC Fees		\$36,079			\$0	\$0
Environmental Audit		\$4,000			\$4,000	\$4,000
Soils Engineering		\$10,000			\$10,000	\$10,000
Seismic Study		\$1,500			\$1,500	\$1,500
Development Impact Fees		\$300,000			\$300,000	\$300,000
Permits		\$75,000			\$75,000	\$75,000
Marketing Expense		\$25,000			\$0	\$0
Relocation		\$0			\$0	\$0
Testing & Inspection		\$85,000			\$85,000	\$85,000
Furnishings		\$40,000			\$40,000	\$40,000
Subtotal Other			\$576,579	\$7,688		
TOTAL PROJECT COSTS			\$9,233,560	\$123,114	\$7,221,683	\$8,810,683
Developer Overhead/Profit		\$950,000			\$950,000	\$950,000
Consultant		\$45,000			\$45,000	\$45,000
Subtotal	13.78%		\$995,000	\$13,267		
Syndication Costs		\$5,000			\$0	\$0
Legal		\$50,000			\$0	\$0
Accounting		\$15,000			\$0	\$0
Subtotal			\$70,000	\$933		
TOTAL USES OF FUNDS			\$10,298,560	\$137,314	\$8,216,683	\$9,805,683

HARMONY CREEK SENIOR HOUSING
BOND ISSUE MORTGAGE, "4%" TAX CREDITS, HOME GAP LOAN
30% at 50% of Median Income

FINANCING SUMMARY				
	CONSTRUCT.	Per Unit	PERMANENT	Per Unit
CONSTRUCTION LOAN	\$5,500,000	\$73,333	\$0	\$0
TAX-EXEMPT BONDS	\$0	\$0	\$2,776,000	\$37,013
LA CO. CDC HOME	\$3,819,350	\$50,925	\$4,400,000	\$58,667
CITY OF INDUSTRY FUNDS	\$0	\$0	\$0	\$0
DEFERRED DEVELOPER FEE	\$215,000	\$2,867	\$215,000	\$2,867
AHP	\$0	\$0	\$0	\$0
EQUITY INVESTOR	\$764,210	\$10,189	\$2,907,560	\$38,767
TOTAL	\$10,298,560	\$137,314	\$10,298,560	\$137,314
GAP	\$0		\$0	

BOND ISSUE AMOUNT 5,500,000.00
 PERCENT OF AGGREGATE BASIS 56.09%

CALCULATION OF TAX CREDIT EQUITY		
	APPLICATION	PLACED IN SERVICE
TOTAL ELIGIBLE BASIS	\$8,216,683	\$8,216,683
FEDERAL FUNDS IN BASIS	\$0	\$0
BASIS LESS FEDERAL FUNDS	\$8,216,683	\$8,216,683
MAXIMUM ALLOWABLE BASIS	\$11,216,811	\$8,216,683
REQUESTED ELIGIBLE BASIS	\$8,216,683	\$8,216,683
HIGH COST ADJUSTMENT	1.3	1.3
ADJUSTED BASIS	\$10,681,688	\$10,681,688
CREDIT RATE	0.35	0.335
CREDIT AMOUNT CALCULATED	\$3,738,590	\$3,578,370
CREDIT AMT. AWARDED	\$3,738,590	\$3,738,590
EQUITY FACTOR	0.777715583	0.81
TAX CREDIT EQUITY	\$2,907,560	\$2,907,560

TCAC Fees Construction \$5,739 Permanent \$36,079

FACTORS AND LIMITS

# BEDROOMS	EFFICIENCY	ONE	TWO	THREE	FOUR	TOTAL
Utility Allowance	\$0	\$44	\$0	\$0	\$0	
# BEDROOMS	0	74	2	0	0	76
Percent of Total Units	0.00%	98.67%	1.33%	0.00%	0.00%	100.00%
100% median rents	\$986	\$1,056	\$1,270	\$1,466	\$1,634	\$79,414
TCAC Basis Limits	\$92,925	\$106,520	\$129,528	\$167,565	\$183,935	ELEVATOR
MAX TCAC BASIS	\$0	\$7,882,480	\$129,528	\$0	\$0	\$8,012,008
Features	0.15	\$0	\$1,182,372	\$19,429	\$0	\$1,201,801
4% DDA	0.25	\$0	\$1,970,620	\$32,382	\$0	\$2,003,002
Total Max TCAC Basis	\$0	\$11,035,472	\$181,339	\$0	\$0	\$11,216,811

EXHIBIT "I" TO LOAN AGREEMENT

HOME PROGRAM REQUIREMENTS
(HOME – PROJECT NO. HE0074)

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Architectural Barriers Act of 1968, As Amended (42 U.S.C. 4151) -- States that public (i.e., those intended to be accessible to the general public) buildings and conveyances financed with federal funds are designed, constructed, or altered to provide accessibility to the physically handicapped. Implementing regulations are found in 35 CFR Part 1190.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the tenant monitoring procedures established by the Commission in compliance with the HOME Program pursuant to 24 CFR Part 92 Sections 252 and 253.

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

WHAT SECTION 504 REQUIRES

Remove Physical Barriers

The usual standards for ensuring compliance with Section 504 are the Uniform Federal Accessibility Standards (UFAS), although deviations are permitted in specific circumstances.

Provide Program Accessibility

Individuals with handicaps must be able to find out about, apply for and participate in federally-assisted programs or activities.

Special communication systems may be needed for outreach and ongoing communication (e.g. Telecommunications Device for the Deaf (TDD); materials on tape or in Braille; accessible locations for activities and meetings)

Policies and procedures must be non-discriminatory (e.g., housing providers cannot ask people with handicap questions not asked of all applicants, screen individuals with handicaps differently or assess an individual's ability to live independently.)

Make Employment Accessible

Employers must not discriminate (e.g. cannot ask questions not asked to all applicants; cannot require physical examinations before making a job offer.)

Employers must remove physical and administrative barriers to employment

Employers must make reasonable accommodations for individuals with known handicaps (e.g., job restructuring; providing readers or sign interpreters; making facilities accessible.)

Meet Administrative Requirements

If recipient(s) or sub recipient(s) have 15 or more employees, they must:

- Designate a Section 504 Coordinator
- Notify program participants and employees of non-discrimination policies.

All recipients and sub recipients must conduct self-evaluations of compliance with Section 504

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "J" TO LOAN AGREEMENT

COMMISSION REQUIREMENTS
(HOME – PROJECT NO. HE0074)

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in

compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission's Board of Commissioners may terminate this Agreement.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is the Commission's policy to encourage Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Borrower's place of business. CSSD will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable

standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, 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 Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- G. These terms shall also apply to subcontractors of Commission Borrowers.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act

(25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit___ (title) of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinance

Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal

contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

EXHIBIT "K" TO LOAN AGREEMENT
ENVIRONMENTAL SPECIAL CONDITIONS
(HOME – PROJECT NO. HE0074)

(Please see attached pages)

Title: Harmony Creek Senior Housing
Project No. HE0074

The following special conditions/environmental mitigation measures must be included in the project contract and later implemented as part of the project scope to alleviate adverse environmental impacts. The environmental clearance is conditioned upon the implementation of all special conditions/mitigation measures:

- 1. Conformance with Plans and Zoning.** Approval of a development program for a specific development proposal in the R-2-DP zone and a conditional use permit (CUP) to allow higher density residential development shall be obtained, or a zone change or other appropriate administrative procedure to allow for a higher density residential development shall be approved, prior to issuance of a building permit.
- 2. Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
 - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
 - Windows and sliding glass doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).
 - Exterior doors facing Gale Avenue and the commercial and retail uses on the eastern edge of the project site shall be solid-core with perimeter weather stripping and threshold seals.
- 3. Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

- 4. Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
- 5. Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
- 6. Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

EXHIBIT “L” TO LOAN AGREEMENT

CONSTRUCTION REQUIREMENTS
(HOME – PROJECT NO. HE0074)

The Borrower’s receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the Project is conditioned upon the Borrower’s adherence to certain construction requirements imposed by the Commission in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT “L”. The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT “L” or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by the Commission for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

1. Submittals and Review Procedure; Construction Monitoring

(a) For purposes of this EXHIBIT “L”:

(i) “Construction Documents” shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) “Empirical Cost Model” shall mean a cost model which the Commission may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by the Commission.

(b) The Borrower’s submittal requirements shall include the following:

(i) The Borrower shall submit to the Commission within 20 days of the execution of this Agreement a Project team-staffing plan (“Staffing Plan”) for review and approval by the Commission. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to the Commission within 20 days of the execution of this Agreement a detailed development schedule (“Development Schedule”) for review and approval by the Commission. The Borrower shall incorporate any changes or

corrections requested by the Commission in a revised schedule to be submitted to the Commission within 10 days after receiving comments from the Commission with respect to the original schedule submitted, as provided above. The Development Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT "L". The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT "L".

(iii) The Borrower shall submit to the Commission within 20 days of the approval of the Construction Contract a detailed construction schedule ("Construction Schedule") for review and approval by the Commission. The Borrower shall incorporate any changes or corrections requested by the Commission in a revised schedule to be submitted to the Commission within 10 days after receiving comments from the Commission with respect to the original schedule submitted, as provided above. The Construction Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The Construction Schedule shall follow the recommendations of the latest edition of the Associated General Contractors of America book, Using CPM in Construction. The original submittal and required monthly updates shall be submitted on floppy disk and two plotted hard copies (this will include both Gantt chart and CPM network plots).

(iv) The Borrower shall provide to the Commission a draft completed regulatory "Entitlement Review" package for the Commission review and approval prior to any formal submittal to the controlling land use jurisdiction or other regulatory agency. This package shall be submitted to the Commission not later than 14 days prior to the submittal to the regulatory body.

(v) The Borrower shall submit to the Commission within 30 days of the execution of this Agreement basic concept drawings ("Basic Concept Drawings") for review and approval by the Commission. The Basic Concept Drawings shall be in form and content as directed from time to time by the Commission.

(vi) Based on, and within 60 days of the Commission's approval of, the Basic Concept Drawings, the Borrower and its design team shall submit to the Commission for review and approval by the Commission certain design development plans and related documents ("Design Development Plans") for the following phases of design: expanded conceptual design; schematic design; design development; construction cost estimates for schematic design and design development, including any value engineering analysis; value engineering review; and constructability analysis review. The Borrower will include ten (10) business days for each review in the Development Schedule and adequate redesign time to respond to the Commission comments as required.

(vii) Based on the approved Design Development Plans, the Borrower and its design team shall prepare and submit to the Commission for review and approval by the Commission the preliminary drawings 50% construction documents (the "Preliminary Drawings"). The 50% submittal shall include a detailed cost estimate and a list of value engineering considerations representing a saving goal of 10% of the overall Project budget.

(viii) The final working drawings 100% construction documents (the "Final Drawings") submittal shall contain a complete and coordinated package adequate to obtain building permits and build the Project with a minimum of change orders. If required by the Commission, the Borrower and its design team shall submit evidence of a constructability review from a licensed contractor knowledgeable in the type of construction and project proposed. A final cost estimate shall be submitted reflective of the various value engineering and constructability review efforts to date. If the final construction document package cost estimate exceeds the Empirical Cost Model the Borrower shall be required to demonstrate to the Commission the reason why the cost overrun occurred and may be required to make adjustments to meet the Empirical Cost Model.

(ix) The Construction Documents shall include all related work for the Project, including but not limited to the buildings, grading, landscaping, site improvements, off-site improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, the Commission staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by the Commission. The Commission and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Commission can receive prompt and speedy consideration. The Borrower will incorporate CDC CM Division AF101 specifications sections into the Construction Documents, as required by law.

(c) The Borrower shall submit to the Commission in accordance with the Development Schedule a construction contract ("Construction Contract") for review and approval by the Commission. The Construction Contract shall utilize the appropriate and most recent AIA form of Standard Agreement and General Conditions and shall contain such modifications and additions to such AIA forms as the Commission may require.

(d) The Construction Management Division of the Commission will provide oversight monitoring of the Project. The Borrower shall maintain at the job site adequate records and shall permit site access to the Commission at all reasonable times to accommodate the monitoring activities. The monitoring program may include, but is not limited to, the following: establishment of various reporting requirement formats and frequencies;

review of scheduling documents for conformance and performance; review of QA/QC program results; review of Project budgets and cash flows; attendance at job site meetings; review of job correspondence; review of change order requests; review of submittals to architect; site inspections; pay request reviews and approvals; review of job site safety conditions; review of construction documents for compliance with actual construction; review of labor compliance documents and compliance of same; monitoring of any and all Agreement conditions, and other related activities. The Borrower acknowledges that the Commission's review, inspection and monitoring activities as set forth in the subsection (d) shall be solely for the Commission's benefit, and that the Borrower shall not rely in any manner on any statements (oral or written) or actions or omissions by the Commission in connection with its review, inspection and monitoring activities, but that the Borrower shall at all times be wholly responsible for all aspects of the construction of the Project.

(e) Intentionally Omitted.

2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by the Commission and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by the Commission required to establish the amount and time lines of the payment requested, together with a certificate from the Project architect pursuant to the Construction Contract certifying that all disbursements requested are properly due. Unless otherwise specified by the Commission or except for the Predevelopment Loan, payments made by or on behalf of the Commission in response to these requests are to be in the form of two-party checks, listing the Borrower and the additional party requesting payment as payees and requiring the signatures of each. In addition, the recipient(s) of the disbursement checks for services rendered or materials provided, shall be required to sign, as applicable, conditional or unconditional waivers and releases, both in statutory form, warranting that no further claims will be made of the Commission for those services or materials. Exception to this requirement is made for checks made to government entities. All disbursements pursuant to this EXHIBIT "N" shall be made through a Commission-approved construction disbursement agency, as set forth below.

(b) Unless otherwise specified by the Commission or except for the Predevelopment Loan, the Loan funds provided by the Commission hereunder are to be disbursed through a Commission-selected construction disbursement agency (the "Agency") pursuant to (i) an agreement between the Commission and the Agency; and (ii) an agreement between the Commission, the Agency, the General Contractor and the Borrower (the "Multi-Party Agreement"). At the request of the Commission, the Borrower shall enter into the Multi-Party Agreement. The Borrower shall also require

the General Contractor under the Construction Contract to enter into the Multi-Party Agreement at the request of the Commission. The Multi- Party Agreement shall set forth all the terms and conditions under which the Agency, on behalf of the Commission, shall fund construction draw requests with respect to the Project. The Multi-Party Agreement shall include, without limitation, a disbursement schedule, a list of payees to whom disbursement may be made, and a procedure for the approval by the Commission of any additional payees not specifically enumerated in the Multi-Party Agreement. Alternatively, the Commission may enter into an agreement (“Intercreditor Agreement”) with the provider of any Senior Financing whereby such provider agrees to disburse the Loan funds and act as the Disbursement Agent under this Agreement in which case Borrower and Borrower’s General Contractor shall comply with all applicable requirements of the Intercreditor Agreement and any Multi-Party Agreement or other implementing agreement entered into pursuant thereto.

(c) Whenever the funding source for any procurement described herein imposes additional or different requirements than those established herein, such additional or different requirements shall be complied with.

3. Insurance and Bonding.

(a) The purpose of this Section is to establish insurance and bonding procedures to protect the Commission’s personal and property rights and purchases of supplies, equipment, construction and contractual services.

(b) The insurance and bonding procedures shall be conducted in full compliance with Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions. The insurance coverage will include comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding \$100,000. See (d) below.

(c) The Borrower shall require in the Construction Contract that the contractor (“Contractor”) shall procure and maintain at Contractor’s expense (and require all subcontractors and sub-subcontractors to procure and maintain at their expense) for the duration of the Construction Contract the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Contractor, its agents, representatives, employees, subcontractors or sub-sub contractors, and that the Contractor and all subcontractors and sub-subcontractors shall otherwise meet the insurance requirements set forth below:

(i) Comprehensive General Liability: \$1,000,000 combined single limit for each

occurrence (\$2,000,000 General Aggregate) for bodily injury, personal injury and property damage, including products and completed operations coverage.

(ii) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(iii) Workers Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(iv) Contractor shall furnish the Commission with certificates of insurance maintained by it (and all subcontractors and sub-subcontractors) with original endorsements affecting coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(v) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to the Commission.

(vi) Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of our equivalent to A:VIII by A.M. Best Company. Any deviations from this rule shall require specific approval in writing.

(vii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to the Commission.

(viii) Any self-insurance program and self-insured retention must be separately approved by the Commission.

(ix) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "N" shall constitute an Event of Default under this Agreement and the Commission may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(x) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of the Commission.

(xi) The Community Development Commission and the County of Los Angeles, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "N", including insurance coverage to be obtained as respects liability arising out of activities performed

by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.

(d) The following bonding and guaranty procedures and requirements must be adhered to:

(i) For construction contracts exceeding \$100,000, the Borrower shall require its Contractor pursuant to the Construction Contract to submit to the Commission the following, unless otherwise required by State or local laws or regulations:

- (A) a performance and payment bond for 100% of the contract price; or
- (B) a 20% cash escrow; or
- (C) a 25% irrevocable letter of credit.

EXHIBIT "L1" TO THE LOAN AGREEMENT

DAVIS-BACON WAGE REQUIREMENTS

(HOME PROJECT NO. HE0074)

(Please see attached)

GENERAL DECISION: CA20030028 06/13/2003

Date: June 13, 2003

General Decision Number: CA20030028

Superseded General Decision No. CA020028

State: California

Construction Type:
RESIDENTIAL

County(ies):
 IMPERIAL RIVERSIDE SANTA BARBARA
 LOS ANGELES SAN BERNARDINO VENTURA
 ORANGE SAN LUIS OBISPO

RESIDENTIAL CONSTRUCTION PROJECTS (consisting of single family homes and apartments up to and including 4 stories)

Modification Number Publication Date
 0 06/13/2003

CA20030028 - 1 06/13/2003

COUNTY(ies):
 IMPERIAL RIVERSIDE SANTA BARBARA
 LOS ANGELES SAN BERNARDINO VENTURA
 ORANGE SAN LUIS OBISPO

ASBE0005C 08/01/2002

Rates Fringes

ASBESTOS WORKER / INSULATOR
 Includes the application of all insulating materials, protective coverings, coatings, and finishes to all types of mechanical systems

33.06 8.11

ASBE0005D 01/01/2003

Rates Fringes

ASBESTOS REMOVAL WORKER / HAZARDOUS MATERIAL HANDLER
 Includes preparation, wetting, stripping, removal, scrapping, vacuuming, bagging and disposing of all insulation materials from mechanical systems, whether they contain asbestos or not

15.75 2.55

BRCA0004A 05/01/2003

Rates Fringes

LOS ANGELES COUNTY:
 BRICKLAYER; MARBLE MASON

31.55 6.35

ORANGE COUNTY:
 BRICKLAYER; MARBLE MASON

30.46 5.40

RIVERSIDE AND SAN BERNARDINO COUNTIES:
 BRICKLAYER; MARBLE MASON

29.42 6.20

VENTURA COUNTY:
 BRICKLAYER; MARBLE MASON

29.86 5.23

BRCA0004F 11/01/2002

	Rates	Fringes
IMPERIAL COUNTY:		
BRICKLAYER; MARBLE MASON	30.00	7.20

BRCA0004Q 05/01/2002

	Rates	Fringes
SAN LUIS OBISPO AND SANTA BARBARA COUNTIES		
CA20030028 - 2	06/13/2003	
BRICKLAYER; MARBLE MASON	28.90	5.60

BRCA0018A 06/01/2002

	Rates	Fringes
LOS ANGELES, ORANGE, RIVERSIDE, SAN BERNARDINO AND VENTURA COUNTIES		
TILE LAYER	26.50	7.45
LOS ANGELES, ORANGE, RIVERSIDE, SANTA BARBARA, SAN LUIS OBISPO AND SAN BERNARDINO COUNTIES		
TILE FINISHER	16.65	2.91
MARBLE FINISHER	19.90	3.56

BRCA0018C 08/01/2002

	Rates	Fringes
SAN LUIS OBISPO AND SANTA BARBARA COUNTIES		
TILE LAYERS	25.21	5.65

BRCA0018D 02/01/2002

	Rates	Fringes
IMPERIAL COUNTY:		
TILE LAYER	23.00	3.48
MARBLE AND TILE FINISHER	14.75	3.48

BRCA0018K 12/01/2000

	Rates	Fringes
TERRAZZO WORKER	26.78	5.34
TERRAZZO FINISHER	20.53	5.34

CARP0002F 07/01/1999

	Rates	Fringes
Work on Wood-Framed Single Family Homes, and Wood-Framed Apartment Buildings up to and including 4 Stories		
DRYWALL INSTALLER/LATHER	19.00	6.33
DRYWALL STOCKER/SCRAPPER	10.00	5.32
All other Work		
DRYWALL INSTALLER/LATHER	25.75	6.33
DRYWALL STOCKER/SCRAPPER	10.00	5.32

CARP0002J 07/01/2002

Work on wood frame single family Rates Fringes

CA20030028 - 3 06/13/2003

homes and apartments up to and including 4 stories:

CARPENTERS:

Framer & finish carpenter	18.79	5.34
Insulation installer	16.45	5.34
Shingler	16.42	5.34
Roof loader of shingles	11.49	5.34
Fence builder	18.15	5.34
Cabinet installer	18.09	5.34
Subterranean garage concrete construction and carpenter's performing on grade slab concrete construction	20.17	5.34

CARP0003K 07/01/1999

	Rates	Fringes
MODULAR FURNITURE INSTALLER	13.08	3.98
LOW WALL MODULAR TECHNICIAN	17.80	3.98
FULL WALL TECHNICIAN	21.88	3.98

ELEC0011E 07/01/2001

	Rates	Fringes
LOS ANGELES COUNTY:		
ELECTRICIAN (does not include fire alarm, hold-up alarm, burglar alarm and surveillance systems)	16.15	3% + 4.51

ELEC0011K 12/01/2001

	Rates	Fringes
LOS ANGELES COUNTY:		
COMMUNICATIONS AND SYSTEMS WORK: (does not include any work on intelligent transportation systems or CCTV highway systems):		
COMMUNICATIONS & SYSTEMS INSTALLER	21.53	3%+5.00
COMMUNICATIONS & SYSTEMS TECHNICIAN	23.33	3%+5.00

SCOPE OF WORK

The work covered shall include the installation, testing, service and maintenance, of the following systems that utilize the transmission and/or transference of voice, sound, vision and digital for commercial, education, security and entertainment purposes for TV monitoring and surveillance, background foreground music, intercom and telephone interconnect, inventory control systems, microwave transmission, multi-media, multiplex, nurse call system, radio page, school intercom and sound, burglar alarms and low voltage master clock systems.

A. Communication systems that transmit or receive

CA20030028 - 4 06/13/2003

information and/or control systems that are intrinsic to the above listed systems

- SCADA (Supervisory control/data acquisition
- PCM (Pulse code modulation)
- Inventory control systems
- Digital data systems

Broadband & baseband and carriers
 Point of sale systems
 VSAT data systems
 Data communication systems
 RF and remote control systems
 Fiber optic data systems

B. Sound and Voice Transmission/Transference Systems

Background-Foreground Music
 Intercom and Telephone Interconnect Systems
 Sound and Musical Entertainment Systems
 Nurse Call Systems
 Radio Page Systems
 School Intercom and Sound Systems
 Burglar Alarm Systems
 Low-Voltage Master Clock Systems
 Multi-Media/Multiplex Systems
 Telephone Systems
 RF Systems and Antennas and Wave Guide

C. *Fire Alarm Systems-installation, wire pulling and testing.

D. Television and Video Systems

Television Monitoring and Surveillance Systems
 Video Security Systems
 Video Entertainment Systems
 Video Educational Systems
 CATV and CCTV

E. Security Systems

Perimeter Security Systems
 Vibration Sensor Systems
 Sonar/Infrared Monitoring Equipment
 Access Control Systems
 Card Access Systems

Fire Alarm Systems

1. Fire Alarms-In Raceways
 - a. Wire and cable pulling, in raceways, performed at the current electrician wage rate and fringe benefits.
 - b. Installation and termination of devices, panels, startup, testing and programming performed by the technician.
2. Fire Alarms-Open Wire Systems
 - a. Open wire systems installed by the technician.

CA20030028 - 5	06/13/2003
ELEC0011L 12/01/2001	
	Rates Fringes
RIVERSIDE AND SANTA BARBARA COUNTIES:	
COMMUNICATIONS AND SYSTEMS WORK:	
COMMUNICATIONS & SYSTEMS:	
Installer	22.13 3% + 4.40
Technician	23.93 3% + 4.40

SCOPE OF WORK:

Installation, testing, service and maintenance of systems utilizing the transmission and/or transference of voice, sound, vision and digital for commercial, educational, security and entertainment purposes for the following: TV monitoring and surveillance, background-foreground music, intercom and telephone interconnect, microwave transmission, multi-media, multiplex,

nurse call systems, radio page, burglar alarms and fire alarm (see last paragraph below).

Communication Systems that transmit or receive information and/or control systems that are intrinsic to the above listed systems; inclusion or exclusion of terminations and testings of conductors determined by their function; excluding all other data systems or multiple systems which include control function or power supply; excluding installation of raceway systems, conduit systems, line voltage work, and energy management systems.

Fire alarm work shall be performed at the current inside wireman total cost package.

SANTA BARBARA COUNTY: Work performed at Point Arguello or Vandenberg Air Force Base to be performed by the electrician.

ELEC0011N 12/01/2001

Rates Fringes

RANGE COUNTY:

COMMUNICATIONS AND SYSTEMS WORK:

COMMUNICATIONS & SYSTEMS:

Installer	22.13	3% + 4.40
Technician	23.93	3% + 4.40

Alarm technician (duties limited to pulling wire to and terminating devices; not to install devices that interface with other contractors (mounting waterflow,

CA20030028 - 6

06/13/2003

duct detectors, dampers or connecting control panels))	13.93	3% + 3.40
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SCOPE OF WORK:

Installation, testing, service and maintenance of systems utilizing the transmission and/or transference of voice, sound, vision and digital for commercial, educational, security and entertainment purposes for the following: TV monitoring and surveillance, background-foreground music, intercom and telephone interconnect, microwave transmission, multi-media, multiplex, nurse call systems, radio page, burglar alarms and fire alarm (see last paragraph below).

Communication Systems that transmit or receive information and/or control systems that are intrinsic to the above listed systems; inclusion or exclusion of terminations and testings of conductors determined by their function; excluding all other data systems or multiple systems which include control function or power supply; excluding installation of raceway systems, conduit systems, line voltage work, and energy management systems.

ELEC00110 09/01/1998

Rates Fringes

LOS ANGELES COUNTY:

ALARM TECHNICIAN	17.60	3%
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PAID HOLIDAYS:

New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, the last regularly scheduled working day before Christmas, Christmas Day, and two floating holidays by mutual agreement between the employer and the worker.

power supply; excluding installation of raceway systems, conduit

CA20030028 - 8

06/13/2003

systems, line voltage work, and energy management systems.

Does not cover work performed at China Lake Naval Ordnance Test Station.

Fire alarm work shall be performed at the current inside electrician total cost package.

ELEC0011Z 02/14/2000		
	Rates	Fringes
VENTURA COUNTY:		
COMMUNICATIONS AND SYSTEMS WORK:		
COMMUNICATIONS & SYSTEMS:		
Installer	20.23	3% + 4.00
Technician	22.03	3% + 4.00

SCOPE OF WORK:

Installation, testing, service and maintenance of systems utilizing the transmission and/or transference of voice, sound, vision and digital for commercial, educational, security and entertainment purposes for the following: TV monitoring and surveillance, background-foreground music, intercom and telephone interconnect, microwave transmission, multi-media, multiplex, nurse call systems, radio page, burglar alarms and fire alarm (see last paragraph below).

Communication systems that transmit or receive information and/or control systems that are intrinsic to the above listed systems; inclusion or exclusion of terminations and testings of conductors determined by their function; excluding all other data systems or multiple systems which include control function or power supply; excluding installation of raceway systems, conduit systems, line voltage work, and energy management systems.

Fire alarm work shall be performed at the current inside electrician total cost package.

ELEC0413B 08/01/2001		
	Rates	Fringes
SANTA BARBARA COUNTY (excluding Vandenberg Air Force Base)		
ELECTRICIANS	17.61	7.03
Vandenberg Air Force Base		
ELECTRICIANS	21.36	7.14

ELEC0440D 12/01/2001		
	Rates	Fringes
CA20030028 - 9		
06/13/2003		
RIVERSIDE COUNTY:		
ELECTRICIAN	17.00	3%+5.66

ELEC0441B 06/23/2002		
	Rates	Fringes
ORANGE COUNTY:		
ELECTRICIAN	20.00	3%+3.90

 ELEC0441C 12/01/1999

	Rates	Fringes
ORANGE COUNTY:		
LIGHTING RETROFIT ELECTRICIAN	20.27	3% + 6.60
OUTDOOR LIGHTING TECHNICIAN	18.62	3% + 5.35

FOOTNOTES:

Re-ballasting: \$.95 per hour additional.

High time:

Work 40' to 70' from the ground or supporting structures (such as trusses, stacks, towers, tanks, bosun's chairs, swinging, standing or rolling scaffolding, silos, and open platforms) which are not securely safeguarded, and the worker is at risk of a direct fall, or where the worker has to work 40' to 70' from the ground on a ladder or other type of support on a platform, which is within 5' of an unprotected direct fall opening: one and one-half times the regular straight time rate of pay.

Work 70' or more from the ground or supporting structures as above: three times the regular straight time rate of pay.

 ELEC0477C 06/01/1998

	Rates	Fringes
SAN BERNARDINO COUNTY:		
All single family dwellings and multi-family dwellings not exceeding eight units and/or two stories		
ELECTRICIAN	16.00	3%+4.95
All other residential work:		
ELECTRICIAN	27.25	3%+10.75
CABLE SPLICER	27.75	3%+10.75

 ELEC0569C 06/01/2001

	Rates	Fringes
CA20030028 - 10		06/13/2003
IMPERIAL COUNTY:		
Work on single family homes, duplexes, condominiums and apartments that do not exceed three (3) stories:		
ELECTRICIAN	14.61	3%+2.77
All other residential construction:		
Electrical subcontracts over \$500,000:		
ELECTRICIAN	27.21	3%+6.47
CABLE SPLICER	27.96	3%+6.47
Electrical subcontracts of \$500,000 or less:		
ELECTRICIAN	24.21	3%+6.47
CABLE SPLICER	24.96	3%+6.47

ELEC0639B 06/01/2001

	Rates	Fringes
SAN LUIS OBISPO COUNTY:		
ELECTRICIAN	17.60	3%+5.95

FOOTNOTES: Work from trusses, swinging scaffolds, open ladders, scaffolds, bosun chairs, stacks or towers, where subject to a direct fall from the ground floor or support structure from a distance of fifty (50) feet to ninety (90) feet: to be paid time and one-half.

Work from trusses, swinging scaffolds, open ladders, scaffolds, bosun chairs, stacks or towers, where subject to a direct fall from the ground floor or support structure from a distance over ninety (90) feet: to be paid double the regular straight time rate of pay.

ELEC0952C 10/01/2002

	Rates	Fringes
VENTURA COUNTY:		
All work within 32 road miles or less from the nearest base point:		
ELECTRICIAN	31.60	3%+9.80
CABLE SPLICER	34.86	3%+9.80

All work more than 32 road miles from the nearest base point:

ELECTRICIAN	36.60	3%+9.80
CABLE SPLICER	39.86	3%+9.80

CA20030028 - 11

06/13/2003

FOOTNOTE: Base points: the main Post Office in the cities of Camarillo, Oak View, Oxnard, Santa Paula and Ventura.

ELEV0008D 08/01/2000

	Rates	Fringes
SAN LUIS OBISPO COUNTY:		
ELEVATOR MECHANIC	41.845	7.195

FOOTNOTE:

Vacation Pay: 8% with 5 or more years of service, 6% for 6 months to 5 years service. Paid Holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Friday after, and Christmas Day.

ELEV0018D 09/15/1999

	Rates	Fringes
IMPERIAL, LOS ANGELES, ORANGE, RIVERSIDE, SAN BERNARDINO, SANTA BARBARA AND VENTURA COUNTIES:		
ELEVATOR MECHANIC	31.915	6.985

FOOTNOTE:

Employer contributes 8% basic hourly rate for over 5 years service and 6% basic hourly rate for 6 months to 5 years service as Vacation Pay Credit. Seven Paid Holidays: New Year's Day; Memorial Day; Independence Day; Labor Day; Thanksgiving Day; Friday after Thanksgiving; Christmas Day.

ENGI0012A 07/01/2002

	Rates	Fringes
POWER EQUIPMENT OPERATORS:		
GROUP 1	27.85	11.85
GROUP 2	28.63	11.85
GROUP 3	28.92	11.85
GROUP 4	30.21	11.85
GROUP 5	30.43	11.85
GROUP 6	30.54	11.85
GROUP 7	30.66	11.85
GROUP 8	30.83	11.85
GROUP 9	30.93	11.85
GROUP 10	30.96	11.85
GROUP 11	31.04	11.85
GROUP 12	31.16	11.85
GROUP 13	31.33	11.85
GROUP 14	31.43	11.85
GROUP 15	31.54	11.85
GROUP 16	31.66	11.85
GROUP 17	31.83	11.85
GROUP 18	31.93	11.85
GROUP 19	32.04	11.85

CA20030028 - 12

06/13/2003

GROUP 20	32.16	11.85
GROUP 21	32.66	11.85

CRANES, PILEDIVING & HOISTING EQUIPMENT:

GROUP 1	29.00	11.85
GROUP 2	29.78	11.85
GROUP 3	30.07	11.85
GROUP 4	30.21	11.85
GROUP 5	30.43	11.85
GROUP 6	30.54	11.85
GROUP 7	30.66	11.85
GROUP 8	30.83	11.85
GROUP 9	31.00	11.85
GROUP 10	32.00	11.85
GROUP 11	33.00	11.85
GROUP 12	34.00	11.85
GROUP 13	35.00	11.30

FOOTNOTES: Work at Point Arguello and Vandenburg Air Force Base: \$3.00 per hour additional. Workers required to suit up and work in a hazardous material environment: \$1.00 per hour additional. Combination mixer and compressor operator on gunite work shall be classified as a concrete mobile mixer operator.

POWER EQUIPMENT OPERATOR CLASSIFICATIONS

GROUP 1: Barge, brake, compressor operator, Ditch Witch, with seat or similar type equipment, elevator operator - inside, engineer oiler, generator operator, generator, pump or compressor plant operator, pump operator, signalman, switchman

GROUP 2: Asphalt-rubber plant operator (nurse tank operator), concrete mixer operator - skip type, conveyor operator, fire person, hydrostatic pump operator, oiler crusher (asphalt or concrete plant), skiploader (wheel type up to 3/4 yd. without attachment), tar pot fire person, temporary heating plant operator, trenching machine oiler

GROUP 3: Asphalt-rubber blend operator, equipment greaser (rack), Ford Ferguson (with dragtype attachments), helicopter radio (ground), stationary pipe wrapping and cleaning machine operator

GROUP 4: Asphalt plant fire person, backhoe operator (mini-max or similar type), boring machine operator, box or mixer (asphalt

or concrete), chip spreading machine operator, concrete cleaning decontamination machine operator, concrete pump operator (small portable), drilling machine operator, small auger types (Texoma super economatic or similar types - Hughes 100 or 200 or similar types - drilling depth of 30' maximum), equipment greaser (grease truck), guard rail post driver operator, highline cableway signal, hydra-hammer-aero stomper, power concrete curing machine operator, power concrete saw operator, power-driven jumbo form setter operator, power sweeper operator, roller operator (compacting), screed operator (asphalt or concrete), trenching machine operator (up to 6 ft.)

CA20030028 - 13

06/13/2003

GROUP 5: Asphalt plant engineer, batch plant operator, bit sharpener, concrete joint machine operator (canal and similar type), concrete planer operator, deck engine operator, derrick (oilfield type), drilling machine operator, bucket or auger types (Calweld 100 bucket or similar types - Watson 1000 auger or similar types - Texoma 330, 500 or 600 auger or similar types - drilling depth of 45' maximum), drilling machine operator (including water wells incidental to residential construction), hydrographic seeder machine operator (straw, pulp or seed), Jackson track maintainer, or similar type, Kalamazoo switch tamper, or similar type, machine tool operator, Maginnis internal full slab vibrator, mechanical berm, curb or gutter (concrete or asphalt), mechanical finisher operator (concrete, Clary-Johnson-Bidwell or similar type), pavement breaker operator (truck mounted), road oil mixing machine operator, roller operator (asphalt or finish), rubber-tired earth moving equipment (single engine, up to and including 25 yds. struck), self-propelled tar pipelining machine operator, skiploader operator (crawler and wheel type, over 3/4 yd. and up to and including 1-1/2 yds.), slip form pump operator (power driven hydraulic lifting device for concrete forms), tractor operator - bulldozer, tamper-scraper (single engine, up to 100 h.p. flywheel and similar types, up to and including D-5 and similar types), tugger hoist operator (1 drum), ultra high pressure waterjet cutting tool system operator, vacuum blasting machine operator

GROUP 6: Asphalt or concrete spreading operator (tamping or finishing), asphalt paving machine operator (Barber Greene or similar type), asphalt-rubber distributor operator, backhoe operator (up to and including 3/4 yd.), small Ford, Case or similar, cast-in-place pipe laying machine operator, combination mixer and compressor operator (gunite work), compactor operator (self-propelled), concrete mixer operator (paving), crushing plant operator, drill doctor, drilling machine operator, bucket or auger types (Calweld 150 bucket or similar types - Watson 1500, 2000 2500 auger or similar types - Texoma 700, 800 auger or similar types - drilling depth of 60' maximum), elevating grader operator, grade checker, gradall operator, grouting machine operator, heavy-duty repair person, heavy equipment robotics operator, Kalamazoo balliste regulator or similar type, Kolman belt loader and similar type, Le Tourneau blob compactor or similar type, loader operator (Athey, Euclid, Sierra and similar types), pneumatic concrete placing machine operator (Hackley-Presswell or similar type), pumpcrete gun operator, rotary drill operator (excluding caisson type), rubber-tired earth-moving equipment operator (single engine, Caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. up to and including 50 cu. yds. struck), rubber-tired earth-moving equipment operator (multiple engine up to and including 25 yds. struck), rubber-tired scraper operator (self-loading paddle wheel type - John Deere, 1040 and similar single unit), self-propelled curb and gutter machine operator, skiploader operator (crawler and wheel type over 1-1/2 yds. up to and including 6-1/2 yds.), soil remediation plant operator, surface heaters and

planer operator, tractor compressor drill combination operator,

CA20030028 - 14

06/13/2003

tractor operator (any type larger than D-5 - 100 flywheel h.p. and over, or similar - bulldozer, tamper, scraper and push tractor, single engine), tractor operator (boom attachments), traveling pipe wrapping, cleaning and bending machine operator, trenching machine operator (over 6 ft. depth capacity, manufacturer's rating), ultra high pressure waterjet cutting tool system mechanic

GROUP 7: Drilling machine operator, bucket or auger types (Calweld 200 B bucket or similar types - Watson 3000 or 5000 auger or similar types - Texoma 900 auger or similar types - drilling depth of 105' maximum), dual drum mixer, dynamic compactor LDC350 (or similar types), heavy-duty repair-welder combination, monorail locomotive operator (diesel, gas or electric), motor patrol - blade operator (single engine), multiple engine tractor operator (Euclid and similar type - except Quad 9 cat.), rubber-tired earth-moving equipment operator (single engine, over 50 yds. struck), rubber-tired earth-moving equipment operator (multiple engine, Euclid, Caterpillar and similar over 25 yds. and up to 50 yds. struck), tower crane repair person, tractor loader operator (crawler and wheel type over 6-1/2 yds.), Woods mixer operator (and similar Pugmill equipment)

GROUP 8: Auto grader operator, automatic slip form operator, drilling machine operator, bucket or auger types (Calweld, auger 200 CA or similar types - Watson auger 6000 or similar types - Hughes Super Duty, auger 200 or similar types - drilling depth of 175' maximum), hoe ram or similar with compressor, mass excavator operator (less than 750 cu. yds.), mechanical finishing machine operator, mobile form traveler operator, motor patrol operator (multi-engine), pipe mobile machine operator, rubber-tired earth-moving equipment operator (multiple engine, Euclid, Caterpillar and similar type, over 50 cu. yds. struck), rubber-tired self-loading scraper operator (paddle-wheel-auger type self-loading - two (2) or more units)

GROUP 9: Rubber-tired earth-moving equipment operator operating equipment with push-pull system (single engine, up to and including 25 yds. struck)

GROUP 10: Canal liner operator, canal trimmer operator, remote-control earth-moving equipment operator (operating a second piece of equipment: \$1.00 per hour additional), wheel excavator operator (over 750 cu. yds.)

GROUP 11: Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (single engine, Caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. and up to and including 50 yds. struck), rubber-tired earth-moving equipment operator, operating equipment with push-pull system (multiple engine - up to and including 25 yds. struck)

GROUP 12: Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (single engine, over 50 yds. struck), rubber-tired earth-moving equipment operator,

CA20030028 - 15

06/13/2003

operating equipment with push-pull system (multiple engine, Euclid, Caterpillar and similar, over 25 yds. and up to 50 yds. struck)

GROUP 13: Rubber-tired earth-moving equipment operator, operating equipment with push-pull system (multiple engine, Euclid, Caterpillar and similar, over 50 cu. yds. struck), tandem

tractor operator (operating crawler type tractors in tandem - Quad 9 and similar type)

GROUP 14: Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - single engine, up to and including 25 yds. struck)

GROUP 15: Rotex concrete belt operator (or similar types), rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - single engine, caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. and up to and including 50 cu. yds. struck), rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - multiple engine, up to and including 25 yds. struck)

GROUP 16: Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - single engine, over 50 yds. struck), rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - multiple engine, Euclid, Caterpillar and similar, over 25 yds. and up to 50 yds. struck)

GROUP 17: Rubber-tired earth-moving equipment operator, operating in tandem (scrapers, belly dumps and similar types in any combination, excluding compaction units - multiple engine, Euclid, Caterpillar and similar type, over 50 cu. yds. struck)

GROUP 18: Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (single engine, up to and including 25 yds. struck)

GROUP 19: Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (single engine, Caterpillar, Euclid, Athey Wagon and similar types with any and all attachments over 25 yds. and up to and including 50 yds. struck), rubber-tired earth-moving equipment operator, operating with the tandem push-pull system (multiple engine, up to and including 25 yds. struck)

GROUP 20: Rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (single engine, over 50 yds. struck), rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (multiple engine, Euclid, Caterpillar and similar, over 25 yds.

CA20030028 - 16

06/13/2003

and up to 50 yds. struck)

GROUP 21: Concrete pump operator - truck mounted, rubber-tired earth-moving equipment operator, operating equipment with the tandem push-pull system (multiple engine, Euclid, Caterpillar and similar type, over 50 cu. yds. struck)

CRANES, PILEDIVING AND HOISTING CLASSIFICATIONS

GROUP 1: Engineer oiler; Fork lift operator (includes loed lull or similar types)

GROUP 2: Truck crane oiler

GROUP 3: A-frame or winch truck operator; Ross carrier operator (jobsite)

GROUP 4: Bridge-type unloader and turntable operator; Helicopter hoist operator

GROUP 5: Stinger crane (Austin-Western or similar type); Tugger hoist operator (1 drum)

GROUP 6: Bridge crane operator; Cretor crane operator; Hoist operator (Chicago boom and similar type); Lift mobile operator; Lift slab machine operator (Vagtborg and similar types); Material hoist operator; polar gantry crane operator, Shovel, backhoe, dragline, clamshell operator (over 3/4 yd. and up to 5 cu. yds. mrc); Tugger hoist operator

GROUP 7: Pedestal crane operator; Shovel, backhoe, dragline, clamshell operator (over 5 cu. yds. mrc); Tower crane repair; Tugger hoist operator (3 drum)

GROUP 8: Crane operator (up to and including 25 ton capacity); Crawler transporter operator; Derrick barge operator (up to and including 25 ton capacity); Hoist operator, stiff legs, Guy derrick or similar type (up to and including 25 ton capacity); Shovel, backhoe, dragline, clamshell operator (over 7 cu. yds. mrc)

GROUP 9: Crane operator (over 25 tons and up to and including 50 tons mrc); Derrick barge operator (over 25 tons up to and including 50 tons mrc); Highline cableway operator; Hoist operator, stiff legs, Guy derrick or similar type (over 25 tons up to and including 50 tons mrc); K-crane operator; Polar crane operator

GROUP 10: Crane operator (over 50 tons and up to and including 100 tons mrc); Derrick barge operator (over 50 tons up to and including 100 tons mrc); Hoist operator, stiff legs, Guy derrick or similar type (over 50 tons up to and including 100 tons mrc), mobile tower crane operator (over 50 tons, up to and including 100 ton M.R.C.), tower crane operator and tower gantry

CA20030028 - 17

06/13/2003

GROUP 11: Crane operator (over 100 tons and up to and including 200 tons mrc); Derrick barge operator (over 100 tons up to and including 200 tons mrc); Hoist operator, stiff legs, Guy derrick or similar type (over 100 tons up to and including 200 tons mrc); Mobile tower crane operator (over 100 tons up to and including 200 tons M.R.C.)

GROUP 12: Crane operator (over 200 tons up to and including 300 tons mrc); Derrick barge operator (over 200 tons up to and including 300 tons mrc); Hoist operator, stiff legs, Guy derrick or similar type (over 200 tons, up to and including 300 tons mrc); Mobile tower crane operator (over 200 tons, up to and including 300 tons mrc)

GROUP 13: Crane operator (over 300 tons); Derrick barge operator (over 300 tons); Helicopter pilot; Hoist operator, stiff legs, Guy derrick or similar type (over 300 tons); Mobile tower crane operator (over 300 tons)

IRON0001D 07/01/2002

	Rates	Fringes
VENTURA COUNTY:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

FOOTNOTE: Work at Port Hueneme and Port Mugu \$1.00 per hour additional.

IRON0002A 07/01/2002

	Rates	Fringes
IMPERIAL COUNTY:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

FOOTNOTE: Work at Chocolate Mountains Naval Reserve-Niland, and U.S. Naval Air Facility-Seeley additional \$3.00 per hour.

IRON0002C 07/01/2002

	Rates	Fringes
LOS ANGELES COUNTY:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

FOOTNOTE: Work at Edwards Air Force Base additional \$3.00 per

hour. CA20030028 - 18 06/13/2003

IRON0002F 07/01/2002

	Rates	Fringes
ORANGE AND SAN LUIS OBISPO COUNTIES:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

IRON0002G 07/01/2002

	Rates	Fringes
RIVERSIDE COUNTY:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

IRON0002H 07/01/2002

	Rates	Fringes
SAN BERNARDINO COUNTY:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

FOOTNOTE: Work at China Lake Naval Test Station, Edwards Air Force Base, Fort Irwin Military Station, Fort Irwin Training Center-Goldstone, 29 Palms-Marine Corps and U.S. Marine Base-Barstow:\$3.00 per hour additional.

Work at Yermo Marine Corps Logistics Center: \$2.00 per hour additional.

IRON0002I 07/01/2002

	Rates	Fringes
SANTA BARBARA COUNTY:		
IRONWORKERS:		
Fence erector	25.97	15.29
Ornamental, reinforcing and structural	26.86	15.29

FOOTNOTE: Work at Vandenberg Air Force Base: \$3.00 per hour additional.

LABO0001J 07/01/2002

	Rates	Fringes
BRICK TENDER	21.10	9.57

CA20030028 - 19

06/13/2003

LABO0002F 07/01/2002

	Rates	Fringes
Work on Wood or Metal Frame construction of Single Family residences, Apartments and Condominiums up to and including Three (3) stories over a garage level:		
LABORERS	19.57	6.97
LANDSCAPE, CLEANUP AND FENCING		
LABORERS (CHAIN LINK AND WOOD)	18.57	6.97

LABO0002R 07/01/2002

	Rates	Fringes
Work on residential projects higher than three (3) stories over a garage level and all other residential work:		
LABORERS:		
GROUP 1	20.10	9.98
GROUP 2	20.65	9.98
GROUP 3	21.20	9.98
GROUP 4	22.75	9.98
GROUP 5	23.10	9.98

LABORER CLASSIFICATIONS

GROUP 1: Cleaning and handling of panel forms; Concrete screeding for rough strike-off; Concrete, water curing; Demolition laborer, the cleaning of brick if performed by a worker performing any other phase of demolition work, and the cleaning of lumber; Fire watcher, limber, brush loader, piler and debris handler; Flag person; Gas, oil and/or water pipeline laborer; Laborer, asphalt-rubber material loader; Laborer, general or construction; Laborer, general clean-up; Laborer, landscaping; Laborer, jetting; Laborer, temporary water and air lines; Material hose operator (walls, slabs, floors and decks); Plugging, filling of shee bolt holes; Dry packing of concrete and patching; post holr digger (manual); Railroad maintenance, repair track person and road beds; Streetcar and railroad construction track laborers; Rigging and signaling; Scaler; Slip form raiser; Slurry seal crew (mixer operator, applicator operator, squeegee person, shuttle person, top person), filling of cracks by any method on any surface; Tar and mortar; Tool crib

or tool house laborer; Traffic control by any method; Window cleaner; Wire mesh pulling - all concrete pouring operations

GROUP 2: Asbestos abatement; Asphalt shoveler; Cement dumper (on 1 yd. or larger mixer and handling bulk cement); Cesspool digger and installer; Chucktender; Chute handler, pouring concrete, the handling of the chute from readymix trucks, such as

CA20030028 - 20

06/13/2003

walls, slabs, decks, floors, foundation, footings, curb, gutters and sidewalks; Concrete curer, impervious membrane and form oiler; Cutting torch operator (demolition); Fine grader, highways and street paving, airport, runways and similar type heavy construction; Gas, oil and/or water pipeline wrapper - pot tender and form person; Guinea chaser; Headerboard person - asphalt installation of all asphalt overlay fabric and materials used for reinforcing asphalt; Laborer, packing rod steel and pans; Membrane vapor barrier installer; Power broom sweeper (small); Riprap stonepaver, placing stone or wet sacked concrete; Roto scraper and tiller; Sandblaster (pot tender); Septic tank digger and installer (lead); Tank scaler and cleaner; Tree climber, faller, chain saw operator, Pittsburgh chipper and similar type brush shredder; Underground laborer, including caisson bellower

GROUP 3: Buggymobile person; Concrete cutting torch; Concrete pile cutter; Driller, jackhammer, 2-1/2 ft. drill steel or longer; Dri-pak-it machine; Gas, oil and/or water pipeline wrapper, 6-in. pipe and over, by any method, inside and out; High scaler (including drilling of same); Hydro seeder and similar type; Impact wrench multi-plate; Kettle person, pot person and workers applying asphalt, lay-kold, creosote, lime caustic and similar type materials ("applying" means applying, dipping, brushing or handling of such materials for pipe wrapping and waterproofing); Operator of pneumatic, gas, electric tools, vibrating machine, pavement breaker, air blasting, come-alongs, and similar mechanical tools not separately classified herein; operation of remote controlled robotic tools in connection with Laborer's work; Pipelayer's backup person, coating, grouting, making of joints, sealing, caulking, diapering and including rubber gasket joints, pointing and any and all other services; Power post hole digger; Rock slinger; Rotary scarifier or multiple head concrete chipping scarifier; Steel headerboard and guideline setter; Tamper, Barko, Wacker and similar type; Trenching machine, hand-propelled

GROUP 4: Any worker exposed to raw sewage; Asphalt raker, lute person, ironer, asphalt dump person and asphalt spreader boxes (all types); Concrete core cutter (walls, floors or ceilings), grinder or sander; Concrete saw person, cutting walls or flat work, scoring old or new concrete; Cribber, shorer, lagging, sheeting and trench bracing, hand-guided lagging hammer; Head rock slinger; Laborer, asphalt-rubber distributor boot person; Laser beam in connection with laborers' work; Over-size concrete vibrator operator, 70 lbs. and over; Pipelayer performing all services in the laying and installation of pipe from the point of receiving pipe in the ditch until completion of operation, including any and all forms of tubular material, whether pipe, metallic or non-metallic, conduit and any other stationary type of tubular device used for the conveying of any substance or element, whether water, sewage, solid gas, air, or other product whatsoever and without regard to the nature of material from which the tubular material is fabricated; No-joint pipe and stripping of same; Prefabricated manhole installer; Sandblaster (nozzle person), water blasting, Porta Shot-Blast; Traffic lane closure, Certified.

CA20030028 - 21

06/13/2003

GROUP 5: Blaster powder, all work of loading holes, placing and blasting of all powder and explosives of whatever type, regardless of method used for such loading and placing; Driller: All power drills, excluding jackhammer, whether core, diamond, wagon, track, multiple unit, and any and all types of mechanical drills without regard to the form of motive power; Toxic waste removal; Boring system electronic tracking locator

LABO200300B 08/07/2002

	Rates	Fringes
LOS ANGELES AND ORANGE COUNTIES:		
Work on single family homes and apartment and condominiums that do not exceed 3 stories in height:		
PLASTER TENDER	21.00	10.17
PLASTER CLEANUP LABORER	18.45	10.17
All other residential construction:		
PLASTER TENDER	23.00	10.17
PLASTER CLEANUP LABORER	20.24	10.17

LABO0402F 08/07/2002

	Rates	Fringes
SAN LUIS OBISPO AND SANTA BARBARA COUNTIES:		
Vandenberg AFB		
Work on single family residences, apartments and condominiums that do not exceed 3 stories in height:		
PLASTER TENDER	24.00	10.17
PLASTER CLEANUP LABORER	20.45	10.17
All other residential construction:		
PLASTER TENDER	26.00	10.17
PLASTER CLEANUP LABORER	23.45	10.17
Remainder of San Luis Obisp and Santa Barbara Counties:		
Work on single family residences, apartments and condominiums that do not exceed 3 stories in height:		
PLASTER TENDER	21.00	10.17
PLASTER CLEANUP LABORER	18.45	10.17
All other residential construction:		
PLASTER TENDER	23.00	10.17
PLASTER CLEANUP LABORER	20.45	10.17

CA20030028 - 22

06/13/2003

LABO0585B 08/07/2002

	Rates	Fringes
VENTURA COUNTY:		
Work on single family homes and apartments and apartment condominiums that do not exceed three stories in height:		
PLASTER TENDER	21.00	10.17
PLASTER CLEANUP LABORER	18.45	10.17

All other residential construction:

PLASTER TENDER	23.00	10.17
PLASTER CLEANUP	20.45	10.17

LABO0783B 08/07/2002

IMPERIAL COUNTY AND RIVERSIDE COUNTIES:

IMPERIAL COUNTY:

Naval Air Facility Seeley:

Work on single family homes and apartments condominiums that do not exceed 3 stories in height:

PLASTERER TENDER	24.00	10.17
PLASTER CLEANUP LABORER	20.45	10.17

All other residential construction:

PLASTER TENDER	26.00	10.17
PLASTER CLEANUP LABORER	23.45	10.17

Remainder of Imperial County:

Work on single family homes and apartments condominiums that do not exceed 3 stories in height:

PLASTER TENDER	21.00	10.17
PLASTER CLEANUP LABORER	18.45	10.17

All Other Residential construction

PLASTER TENDER	23.00	10.17
PLASTER CLEANUP LABORER	20.45	10.17

RIVERSIDE COUNTY:

Work on single family homes and apartments and condominiums that do not exceed 3 stories in heights:

PLASTERER TENDER	21.00	10.17
PLASTERER CLEANUP LABORER	18.45	10.17

CA20030028 - 23

06/13/2003

All other residential construction:

PLASTERER TENDER	23.00	10.17
PLASTERER CLEANUP LABORER	20.45	10.17

LABO0783F 08/07/2002

SAN BERNARDINO COUNTY:

Fort Irwin, George Air Force Base, Marine Corps Air Station 29 Palms, and Marine Corps Logistics Supply Base:

Work on single family homes and apartments and apartment condominiums that do exceed 3 stories in height:

PLASTERER TENDER	24.00	10.17
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PLASTERER CLEANUP LABORER	20.45	10.17
All other residential construction:		
PLASTERER TENDER	26.00	10.17
PLASTERER CLEANUP LABORER	23.45	10.17

Remainder of San Bernardino County:

Work on single family homes and apartments and apartment and condominiums that do not exceed 3 stories in height:

PLASTERER TENDER	21.00	10.17
PLASTER CLEANUP LABORER	18.45	10.17

All other residential construction:

PLASTERER TENDER	23.00	10.17
PLASTERER CLEANUP LABORER	20.45	10.17

LABO0882C 01/01/2003

	Rates	Fringes
ASBESTOS REMOVAL LABORER	22.00	7.90

SCOPE OF WORK: Includes site mobilization, initial site cleanup, site preparation, removal of asbestos containing material and toxic waste (including lead abatement and any other toxic material), encapsulation, enclosure and disposal of asbestos containing materials and toxic waste (including lead abatement and any other toxic materials) by hand or with equipment or machinery; scaffolding, fabrication of temporary wooden barriers and assembly of decontamination stations.

CA20030028 - 24

06/13/2003

LABO1184A 07/01/2002

	Rates	Fringes
LABORERS - STRIPING:		
GROUP 1	20.65	8.42
GROUP 2	21.50	8.42
GROUP 3	23.82	8.42
GROUP 4	26.02	8.42

LABORERS - STRIPING CLASSIFICATIONS

GROUP 1: Protective coating, pavement sealing, including repair and filling of cracks by any method on any surface in parking lots, game courts and playgrounds; carstops; operation of all related machinery and equipment; equipment repair technician

GROUP 2: Traffic surface abrasive blaster; pot tender - removal of all traffic lines and markings by any method (sandblasting, waterblasting, grinding, etc.) and preparation of surface for coatings. Traffic control person: controlling and directing traffic through both conventional and moving lane closures; operation of all related machinery and equipment

GROUP 3: Traffic delineating device applicator: Layout and application of pavement markers, delineating signs, rumble and traffic bars, adhesives, guide markers, other traffic delineating devices including traffic control. This category includes all traffic related surface preparation (sandblasting, waterblasting, grinding) as part of the application process. Traffic protective delineating system installer: removes, relocates, installs, permanently affixed roadside and parking delineation barricades, fencing, cable anchor, guard rail, reference signs, monument markers; operation of all related machinery and equipment; power

broom sweeper .

GROUP 4: Striper: layout and application of traffic stripes and markings; hot thermo plastic; tape traffic stripes and markings, including traffic control; operation of all related machinery and equipment

 PAIN0036E 07/01/2002

	Rates	Fringes
IMPERIAL, LOS ANGELES, ORANGE, RIVERSIDE AND SAN BERNARDINO COUNTIES:		
PAINTER (including lead abatement)	18.40	4.65

SAN LUIS OBISPO, SANTA BARBARA AND VENTURA COUNTIES:

PAINTER (including lead abatement)	17.20	4.65
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PAIN0036L 10/01/2002

	Rates	Fringes
IMPERIAL COUNTY; LOS ANGELES COUNTY (excluding Antelope Valley		

CA20030028 - 25

06/13/2003

north of the following boundary: Kern County line to Hwy. #5, south on Hwy. #5 to Hwy. N2, east on Hwy. N2 to Palmdale Blvd., to Hwy. #14, south to Hwy. #18, east to Hwy. #395); ORANGE, RIVERSIDE, SAN BERNARDINO, SAN LUIS OBISPO, SANTA BARBARA AND VENTURA COUNTIES:

RESIDENTIAL CONSTRUCTION:

Applies to work performed on exterior and interior wood frame apartments, single family homes and multi-duplexes up to and including four stories:

DRYWALL FINISHER	18.00	4.26
All other residential work:		
DRYWALL FINISHER	26.33	8.48

LOS ANGELES COUNTY (remainder of county):

Applies to work performed on exterior and interior wood framing apartments, single family homes and multi-duplexes up to and including four stories:

DRYWALL FINISHER	18.00	4.26
All other residential construction		
DRYWALL FINISHER	23.02	8.48

PAIN0036Q 01/01/2003

	Rates	Fringes
IMPERIAL COUNTY:		
GLAZIERS	27.35	8.69
GLASSWORKER	16.16	4.05

PAIN0036U 06/01/2002

	Rates	Fringes
LOS ANGELES, ORANGE, RIVERSIDE, SAN BERNARDINO, SANTA BARBARA AND VENTURA COUNTIES:		
GLAZIERS	29.20	8.45

FOOTNOTE: Additional \$1.25 per hour for work in a condo,

from the third (3rd) floor and up. Additional \$1.25 per hour for work on the outside of the building from a swing state or any suspended contrivance, from the ground up

PAIN0036W 01/01/2003
 IMPERIAL COUNTY:
 SOFT FLOOR LAYER

	Rates	Fringes
	19.32	6.65

PAIN0169G 07/01/2002
 CA20030028 - 26 06/13/2003
 SAN LUIS OBISPO COUNTY:
 GLAZIER

	Rates	Fringes
	25.52	8.77

PAIN1247D 01/01/2003
 LOS ANGELES, ORANGE, RIVERSIDE, SAN BERNARDINO, SAN LUIS OBISPO, SANTA BARBARA AND VENTURA COUNTIES:
 SOFT FLOOR LAYER

	Rates	Fringes
	26.70	6.25

PLAS0200B 08/06/1997
 IMPERIAL, SAN LUIS OBISPO, AND SANTA BARBARA COUNTIES:
 PLASTERERS:
 Work on single family homes and apartments up to and including 3 stories
 Work on 4-story apartment buildings

	Rates	Fringes
	20.38	4.04
	23.38	4.04

PLAS0200C 08/07/2002
 LOS ANGELES, ORANGE, RIVERSIDE, SAN BERNARDINO, AND VENTURA COUNTIES:
 Work on wood, metal, masonry or frame construction of single family residences apartments and apartment condominiums up to and including three stories:
 PLASTERER
 All other residential work
 PLASTERER

	Rates	Fringes
	23.77	6.76
	26.77	6.76

CA20030028 - 1
 PLAS0500C 07/01/2002
 Work on wood or metal frame construction of single family residences, apartments and condominiums (does not include projects that exceed 3 stories; any utility work; such as telephone, gas, water, sewer and other

	Rates	Fringes

utilities; or any work outside property lines, including curbs, gutters and sidewalks):

CA20030028 - 27

06/13/2003

CEMENT MASON	18.74	4.16
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All other work:

CEMENT MASON	23.05	11.56
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PLUM0016K 07/01/2002

	Rates	Fringes
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WORK PERFORMED ON THE FOLLOWING STRUCTURES:

- a. One or two family dwellings
- b. All multiple family dwelling units which are permitted to have a single exterior up to and including four stories; and
- c. Townhouses, condominiums or similar structures with units stacked vertically up to and including four stories

PLUMBERS AND PIPEFITTERS	24.31	7.42
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PLUM0250A 09/01/2002

	Rates	Fringes
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LOS ANGELES AND ORANGE COUNTIES:

REFRIGERATION FITTER	33.10	10.40
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ROOF0036A 09/01/1998

	Rates	Fringes
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LOS ANGELES, ORANGE, RIVERSIDE, SAN BERNARDINO, SAN LUIS OBISPO, SANTA BARBARA AND VENTURA COUNTIES:

ROOFERS	19.36	3.70
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Duties limited to the following: Roof removal of any type of roofing or roofing material; or spudding, or sweeping; and/or clean-up; and/or pre-load in, or in preparing the roof for application of roofing, damp and/or waterproofing material

PREPARER	16.24	1.00
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FOOTNOTE: Pitch premium: Work on which employees are exposed to pitch fumes or required to handle pitch, pitch base or pitch impregnated products, or any material containing coal tar pitch, the entire roofing crew shall receive \$1.75 per hour "pitch premium" pay.

ROOF0045C 01/01/1999

CA20030028 - 28

06/13/2003

	Rates	Fringes
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IMPERIAL COUNTY:

ROOFER	19.70	3.88
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SFCA0669E 01/01/2003

Rates Fringes

IMPERIAL COUNTY; LOS ANGELES COUNTY (does not include the city of Pomona, Catalina Island, and that part of Los Angeles County within 25 miles of the city limits of Los Angeles); ORANGE COUNTY (does not include Catalina Island; San Clemente Island; City of Santa Ana; and remainder of Orange County within 25 miles of the city limits of Los Angeles); RIVERSIDE COUNTY; AND SAN BERNARDINO COUNTY (does not include the northern part of City of Chino, or the cities of Montclair and Ontario):

Work on one or two family dwellings; all multiple family dwelling units which are permitted to have a single exterior up to and including 4 stories; townhouses with units stacked vertically up to and including 4 stories; and group residential care facilities and protective care homes (sheltered housing), not to include nursing homes or ambulatory care facilities:

SPRINKLER FITTERS	20.06	1.69
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All other residential work:

SPRINKLER FITTERS	26.75	9.60
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SAN LUIS OBISPO AND SANTA BARBARA COUNTIES; AND VENTURA COUNTY (does not include Port Hueneme, Port Mugu, the city of Santa Paula, and that part of Ventura County within 25 miles of the city limits of Los Angeles):

Work on one or two family dwellings; all multiple family dwelling units which are permitted to have a single exterior up to and including 4 stories; townhouses with units stacked vertically up to and including 4 stories; and group residential care facilities and protective care homes (sheltered housing), not to include nursing homes or ambulatory care facilities:

SPRINKLER FITTER	20.51	1.69
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CA20030028 - 29

06/13/2003

All other residential work:

SPRINKLER FITTER	27.35	9.60
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SFCA0709B 09/01/2001

Rates Fringes

LOS ANGELES COUNTY (the city of Pomona, Catalina Island, and that part of Los Angeles County within 25 miles of the city limits of Los Angeles); ORANGE COUNTY (San Clemente Island, the city of Santa Ana, and that part of Orange County within 25 miles of the city limits of Los Angeles); SAN BERNARDINO COUNTY (the northern part of the city of Chino, and the cities of Montclair and Ontario); VENTURA COUNTY (Port Hueneme, Port Mugu, the city of

Santa Paula, and that part of Ventura County within 25 miles of the city limits of Los Angeles);

Work on single family homes, including new or existing mobile homes, duplex, triplex residences, garden type apartments not exceeding four (4) stories in height, including service, utility, storage, garage and support units built in conjunction with residential units

SPRINKLER FITTER	21.78	5.90
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ALL OTHER WORK

SPRINKLER FITTER	31.53	10.95
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SHEE0102F 02/01/2003

Rates	Fringes
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LOS ANGELES COUNTY (south of a straight line drawn between Gorman and Big Pines, including the area south of Imperial Highway to the city limits of Long Beach, including the cities of Long Beach, Claremont, and Pomona, and the Island of Catalina);
ORANGE, RIVERSIDE AND SAN BERNARDINO COUNTIES:

Installation and repair on all general sheet metal, heating and air conditioning, metal fireplace, and solar systems on single family dwellings, multiple family dwellings tract homes and apartment buildings individually conditioned by separate and independent units or systems

SHEET METAL WORKER	24.17	10.88
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All other work

SHEET METAL WORKER	28.99	12.39
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CA20030028 - 30

06/13/2003

SHEE0108D 02/01/2003

Rates	Fringes
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LOS ANGELES COUNTY (south of a straight line drawn between Gorman and Big Pines, excluding the area south of Imperial Highway to the city limits of Long Beach, excluding the cities of Long Beach, Claremont, and Pomona, and excluding the Island of Catalina):

Modernization excluding new construction:

Work to add or change existing heating or air conditioning systems in existing building or new building one year after first occupancy limited to single dwelling, duplex dwellings, triplex dwelling, apartment dwelling not to exceeding five thousand (5,000) square feet. Work does not include modification, upgrades, energy management, or conservation improvements of central heating and air conditioning equipment or, new construction.

SHEET METAL WORKER	18.36	4.54
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Residential/Light Commercial:

Work on general sheet metal and heating and air conditioning on single family dwellings, multiple family dwelling, tract homes and apartment buildings,

up to and including (4,000) square feet of total project.

SHEET METAL WORKER	18.36	4.24
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SHEE0206C 01/01/2001

	Rates	Fringes
IMPERIAL COUNTY:		
SHEET METAL WORKER	25.41	9.63

SHEE0273A 02/01/2003

	Rates	Fringes
SAN LUIS OBISPO, SANTA BARBARA AND VENTURA COUNTIES:		
SHEET METAL WORKERS	27.28	11.51

TEAM0011A 07/01/2002

	Rates	Fringes
IMPERIAL COUNTY (El Centro); LOS ANGELES COUNTY (Edwards AFB); AND SAN BERNARDINO COUNTY (Edwards AFB, Fort Irwin, George AFB, Marine Corps Logistic Base at Nebo & Yermo, Twenty-Nine Palms Base):		

TRUCK DRIVERS:

GROUP 1	24.84	12.84
GROUP 2	24.99	12.84
GROUP 3	25.12	12.84

CA20030028 - 31 06/13/2003

GROUP 4	25.31	12.84
GROUP 5	25.25	12.84
GROUP 6	25.37	12.84
GROUP 7	25.62	12.84
GROUP 8	25.87	12.84
GROUP 9	26.02	12.84
GROUP 10	26.37	12.84
GROUP 11	26.87	12.84

IMPERIAL (Remainder of County); LOS ANGELES (Remainder of County); ORANGE; RIVERSIDE; SAN BERNARDINO (Remainder of County); SAN LUIS OBISPO, SANTA BARBARA AND VENTURA COUNTIES:

TRUCK DRIVERS:

GROUP 1	21.84	12.84
GROUP 2	21.99	12.84
GROUP 3	22.12	12.84
GROUP 4	22.31	12.84
GROUP 5	22.25	12.84
GROUP 6	22.37	12.84
GROUP 7	22.62	12.84
GROUP 8	22.87	12.84
GROUP 9	23.02	12.84
GROUP 10	23.37	12.84
GROUP 11	23.87	12.84

TRUCK DRIVERS CLASSIFICATIONS

GROUP 1: Truck driver

GROUP 2: Driver of vehicle or combination of vehicles - 2 axles; Traffic control pilot car excluding moving heavy equipment permit load; Truck mounted broom

GROUP 3: Driver of vehicle or combination of vehicles - 3 axles; Boot person; Cement mason distribution truck; Fuel truck

driver; Water truck - 2 axle; Dump truck, less than 16 yds. water level; Erosion control driver

GROUP 4: Driver of transit mix truck, under 3 yds.; Dumpcrete truck, less than 6-1/2 yds. water level

GROUP 5: Water truck, 3 or more axles; Truck greaser and tire person (\$0.50 additional for tire person); Pipeline and utility working truck driver, including winch truck and plastic fusion, limited to pipeline and utility work; Slurry truck driver

GROUP 6: Transit mix truck, 3 yds. or more; Dumpcrete truck, 6-1/2 yds. water level and over; Vehicle or combination of vehicles - 4 or more axles; Oil spreader truck; Dump truck, 16 yds. to 25 yds. water level

GROUP 7: A Frame, Swedish crane or similar; Forklift driver; Ross carrier driver

GROUP 8: Dump truck, 25 yds. to 49 yds. water level; Truck repair person; Water pull - single engine; Welder

CA20030028 - 32

06/13/2003

GROUP 9: Truck repair person/welder; Low bed driver, 9 axles or over

GROUP 10: Dump truck - 50 yds. or more water level; Water pull - single engine with attachment

GROUP 11: Water pull - twin engine; Water pull - twin engine with attachments; Winch truck driver - \$1.25 additional when operating winch or similar special attachments

 WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.
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Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29 CFR 5.5(a)(1)(ii)).

 In the listing above, the "SU" designation means that rates listed under that identifier do not reflect collectively bargained wage and fringe benefit rates. Other designations indicate unions whose rates have been determined to be prevailing.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

- * an existing published wage determination
- * a survey underlying a wage determination
- * a Wage and Hour Division letter setting forth a position on a wage determination matter
- * a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal

process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations

CA20030028 - 33

06/13/2003

Wage and Hour Division
U. S. Department of Labor
200 Constitution Avenue, N. W.
Washington, D. C. 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N. W.
Washington, D. C. 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U. S. Department of Labor
200 Constitution Avenue, N. W.
Washington, D. C. 20210

4.) All decisions by the Administrative Review Board are final.
END OF GENERAL DECISION

EXHIBIT "M" TO LOAN AGREEMENT

SUBORDINATION AGREEMENT
(HOME – PROJECT NO. HE0074)

(Not Applicable)

EXHIBIT "N" TO LOAN AGREEMENT
SUPPORTIVE SERVICES AGREEMENT
(HOME – PROJECT NO. HE0074)

(Please see attached pages)

HARMONY CREEK

SUPPORTIVE SERVICES

SERVICE NEEDS OF THE POPULATION:

Services are a vital part of any senior development. The service needs of the elderly vary along a continuum from supporting independent living to full time care for frail seniors with physical and/or mental disability. Harmony Creek will be an independent living facility which provides its residents with access to case management and supportive services that assist them with the activities of daily living so that they can continue to live independently with dignity as long as possible.

The residents at Harmony Creek will have access to an array of services that support self sufficiency, including but not limited to: personalized case management, nutrition and meal services, transportation and shopping assistance, access to medical services and health screening, money management, housekeeping and home chore assistance, social and recreational activities, service referrals, in home personal care, a buddy system, and staff vigilance. The services may be modified over time, as needed by the Residents and subject to availability, however, at least two will be provided for not less than ten (10) years.

Social Service Coordination : To the extent possible, Hacienda Senior Partners will provide a professional social worker with an appropriate degree who speaks the predominate language of the residents. The social worker will meet with residents on-site and will perform a needs assessment to establish individual service plans for each resident. Services will include direct services from the social worker and could also involve, on an as-needed basis: referral to other professionals; referral to other helping agencies, and/or coordination of collateral services. In addition, Hacienda Partners, L.P. will provide on-site a social service resource guide specific to the project and the local area that can be utilized by the Resident Manager or Gateway to refer residents to services or to bring services to the site.

The project will maintain a full time Resident Manager who will work with the case manager. The Executive Director will meet with the Resident Manager before occupancy to introduce the manager to the role of case management and to establish a working relationship between the property manager and the social worker that will benefit the residents.

The Resident Manager will play a pivotal role in the provision and planning of supportive services for the project's residents. As essential member of the team, the Resident Manager will meet regularly with the case manager to provide information and recommendations with respect to the needs of the residents and nature of potential problems. The Resident Manager will be trained to be able to provide social service referrals and to respond in the event of a crisis.

HARMONY CREEK

SUPPORTIVE SERVICES: The following supportive services will be available to the Harmony Creek residents:

Nutrition/Meal Service – The proposed project is designed for independent or semi-independent senior living. It is not anticipated that meal service on site will be necessary. However, it can be expected that over time some seniors will need food service assistance. For these residents there are several meal and nutrition programs available. Meals on Wheels provides home delivered meals at no cost for seniors who are unable to provide for their own nutritional needs. The Greater La Puente Valley Meals on Wheels Program provides Meals on Wheels service for the Hacienda Heights Community. This program can be contacted by the case manager or Resident Manager to bring meals to residents who need this assistance. The Steinmetz Senior Center provides a daily lunch program (Monday through Friday) subsidized by the County of Los Angeles. There are two menu selections daily, one traditional and the other Asian. A donation is requested for the lunch. The Project's residents will be eligible for all of the services available at the Steinmetz Center including the meal services.

In-Home Services - As senior residents "age in place" in-home assistance to support independence is increasingly necessary. In home services available to residents through referral from local agencies, such as Santa Anita Family Services, include housekeeping, meal preparation, and assistance with bathing and dressing. It will be the responsibility of case management in conjunction with the Resident Manager to identify those residents in need of these services and to provide the connection to the appropriate provider.

Transportation - Harmony Creek is centrally located in an urban area that is fully served by public and private facilities. Access to all utilities, fire department, police, transportation and health services is immediately available. In addition, for the convenience of its Senior residents, the proposed site is immediately adjacent to bus transportation.

A major supermarket (Ralph's) is located one and one-half mile west of the site in a small shopping center with other neighborhood-oriented commercial businesses. In addition, one and one-quarter mile south of the site on Hacienda Avenue, is a larger shopping district with Von's, Rite Aid, banks, restaurants, and retail shops. Gale Medical Center is located within one-half mile of the site. There are dental offices, chiropractors, and holistic medicine/acupuncture offices within walking distance of the site.

Residents who need transportation to reach these services and/or shopping can access Dial-a-Ride through Community Dial-a Ride, a Los Angeles County-funded agency or the Steinmetz Senior Center. Dial-a-Ride will provide Harmony Creek residents van transportation (with handicapped access) within the unincorporated County and up to 3 miles outside the service area Monday through Friday from 8 a.m. to 5 p.m. There is a \$0.50 charge each way. The Resident Manager will work with

HARMONY CREEK

Seniors to link them to transportation programs. Seniors who prefer to use public transportation can access a bus line approximately two blocks west of the site.

Health Services - Residents will be connected to health services and support such as nursing and therapy home visits. Care Management, which provides in home medical assistance, is available through local health service providers, such as Santa Anita Family Services. A listing of local medical service providers will be maintained on-site for use by the Resident Manager and case manager. The Resident Manager will make information available to the residents with respect to the location of medical screening, health fairs and other health care-related programs available at local agencies or senior centers. To the extent possible, the Resident Manager will encourage health service providers to bring the services on-site in the recreation room.

Social Activities /Recreation - Social activities will be a combination of on-site events and those available through local senior centers and clubs. The Tenant Management Committee will have primary responsibility for planning and coordinating on-site activities such as holiday parties, potluck dinners, exercise classes, card and domino games, trips and tours. The Resident Manager will serve as a resource for the Tenant Management Committee and will support their efforts by providing supplies and administrative assistance. The Steinmetz Center has an array of clubs, activities and trips/tours. Gateway and Resident Manager will network with the Steinmetz Senior Center to encourage resident participation in their programs and to have representatives from the Center visit Harmony Creek to meet with residents to explain their programs.

On-site Non-Shelter Programs – The Resident Manager and Gateway will work with the Tenant Management Committee to develop on-site programs such as:

1. Buddy System - linking senior residents to assure that the absence or illness of any senior is noticed and that someone is alerted.
2. Gardening Club – establishing resident gardening areas and maintaining the gardens
3. Exercise Programs – utilizing the community room and patio for exercise classes.
4. Program Management and Monitoring – establishing a system of resident meetings or questionnaires that monitor the on-site programs and property management.
5. Senior Volunteers – establishing programs where seniors can volunteer for on-site programs or to help local community organizations.

HARMONY CREEK

RESIDENT PARTICIPATION

As part of its asset management plan, Gateway Community Housing Corporation (GCHC), Harmony Creek's Managing General Partner, works to establish resident participation in property operations through resident representatives that are supported by on-site management. Residents are encouraged to attend resident meetings and informal events are held to encourage management and tenant communication. The management company in conjunction with GCHC works closely with the residents and their case managers (where appropriate) to create a culturally sensitive and effective resident participation process.

This process will focus on the creation of a Tenant Management Committee (TMC). The committee will be comprised of project residents. They will represent the tenants of the building on matters relating to building management, tenant use of the building and common areas, on-site resident programs and social events. The TMC will meet regularly and at each meeting tenants and the committee members will be encouraged to make recommendations and to raise issues of concern. The Resident Manager and the Case Manager will work with the TMC to establish a system of resident interviews or questionnaires that monitor the on-site programs and property management. Formal recommendations and complaints will be forwarded to the Management Company and to GCHC for action.

EXHIBIT "O" TO THE LOAN AGREEMENT

FEDERAL LOBBIST REQUIREMENTS CERTIFICATE
(HOME PROJECT NO. HE0074)

(Please see attached)

**FEDERAL LOBBYIST REQUIREMENTS
CERTIFICATION**

Name of Firm: _____

Address: _____

State: CA Zip Code: _____ Telephone Number: _____

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;

3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

(Contractor/Subcontractor)

By: _____
(Signature)

(Date)

(Title)