COMMUNITY DEVELOPMENT COMMISSION
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Carlos Jackson
Executive Director

August 3, 2004

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

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 Supervisors/Commissioners:

APPROVE LOAN AGREEMENT, LEASE TERMINATION AND SALE OF AFFORDABLE SENIOR RENTAL APARTMENTS IN UNINCORPORATED ALTADENA TO LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I (5)
(3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

Authorize the Executive Director of the Community Development Commission to administer, on behalf of the Commission, up to $425,000 in Home Investment Partnership (HOME) Program funds to provide a loan to the Los Angeles Housing Development Corporation-I (the Developer), to reduce its original mortgage loan with the California Housing Finance Agency (CalHFA); and to modernize the common area electrical system, replace and install dual-glaze weatherized windows in the common area, and renovate the heating, ventilation and air conditioning (HVAC) units of the Altadena Vistas Apartments.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Find that the disposition and site improvements to the Altadena Vistas Apartments, a 22-unit affordable senior rental housing development located at 815 East Calaveras Street in unincorporated Altadena, are exempt from the California Environmental Quality Act (CEQA), as described herein, because the proposed work will not have the potential for causing a significant effect on the environment.

2. Authorize the Executive Director of the Community Development Commission to terminate the Ground Lease, executed on June 22, 1992, with Los Angeles Housing Development Corporation-I (the Developer), for two Community Development Commission-owned parcels comprising the Altadena Vistas Apartments, a 22-unit affordable senior rental housing development located at 815 East Calaveras Street in unincorporated Altadena; and authorize the Executive Director to sell the property to the Developer for $1.00, for continued use as an affordable senior rental housing development.

3. Approve a 35-year Loan Agreement, presented in substantially final form, between the Commission and the Developer, using up to $425,000 in HOME Investment Partnerships (HOME) Program funds, to reduce the permanent financing and fund improvements to the Altadena Vistas Apartments, including modernization of the common area electrical system, replacement and installation of dual-glaze weatherized windows in the common area, and renovations to the heating, ventilation, and air conditioning (HVAC) units.

4. Authorize the Executive Director to incorporate up to $425,000 in HOME funds into the Commission's approved Fiscal Year 2004-2005 budget, for the purposes described above.

5. Authorize the Executive Director to execute the Loan Agreement and all documents necessary for the modification of the permanent financing and improvements to the property, 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 authorize the sale of two Commission-owned parcels, and approve a Loan Agreement with the Developer to modify the permanent financing and make improvements to the Altadena Vistas Apartments, an affordable senior rental housing development located in unincorporated Altadena.

FISCAL IMPACT/ FINANCING:

There is no impact on the County general fund. The HOME loan will be in an amount not to exceed $425,000, to be evidenced by a Promissory Note and secured by a Deed of Trust. It will accrue simple interest at the rate of three percent per annum, commencing on the date of the close of escrow for a term of 35 years.

The development, completed in 1995, was funded by a first trust deed permanent loan of $865,000, from the California Housing Finance Agency (CalHFA). Rent limitations required by CalHFA necessitated the Developer execute a second trust deed loan of $110,000, to cover any future cash deficits. The project has been operating at a deficit for the past three years, due to insufficient rental income to cover operating expenses. As a result, Columbia Housing Partners, the project's equity investor, would not pay the final equity installment of $119,700, and the second trust deed loan was used to cover the deficit.

The Developer has worked with CalHFA and Columbia Housing Partners to formulate a plan to ensure the development's economic viability. As a result, the Developer has successfully negotiated with CalHFA to refinance its loans, and Columbia Housing Partners has agreed to contribute the final equity installment.

The Loan Agreement provides for the reduction of the principal balance on the original mortgage loan with CalHFA by $383,813, decreases the interest rate on the loan from eight and three-quarters percent to four percent and extends the term of the loan from 30 to 35 years.

In addition, the Developer will use the loan to make improvements to the property, which will reduce the development's annual utility expense. The cost to complete the improvements is estimated to be $35,101. A 20 percent contingency, in the amount of $6,086, will also be set aside for unforeseen construction costs.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On September 12, 1989, your Board authorized the Commission to use $193,050 in Community Development Block Grant funds allocated to the Fifth Supervisorial District to purchase two parcels of land, located at 815 East Calaveras Street in unincorporated Altadena, for development of affordable senior rental housing.

On May 12, 1992, your Board approved a Disposition and Development Agreement (DDA) between the Commission and the Developer for development of the Altadena Vistas Apartments on the subject property. The development consists of five units reserved for households with incomes not exceeding 50 percent of the area median

income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD), 16 units reserved for households with incomes not exceeding 60 percent of AMI, and one manager's unit. All reserved units are for seniors aged 55 and over.

In accordance with the DDA, the Commission retained ownership of the land and entered into a Ground Lease with the Developer for a term of 60 years. The Developer assumed responsibility for property management and oversight of daily operations.

Since acquisition, the two parcels have appreciated in value to over $240,000. Because selling the property to the Developer at this appreciated value would increase its debt burden, and because the Developer will guarantee additional affordability for three units, the Commission wishes to terminate the Ground Lease and sell the parcels to the Developer for $1.00.

Under the terms of the Loan Agreement, the Developer will lower the income requirements for three units, from 60 to 50 percent AMI. This change will allow eight units to be reserved for seniors with incomes not exceeding 50 percent AMI, and 13 units for seniors with incomes not exceeding 60 percent AMI. The affordability requirements will remain in effect until 2047, which is 55 years from the date of execution of the DDA. Lowering the affordability requirements on these three units will not result in the relocation of any existing tenants.

The project is being federally funded, and is not subject to the requirements of the Greater Avenues for Independence (GAIN) Program implemented by the County of Los Angeles. Instead, the Developer must comply with Section 3 of the Housing and Community Development Act, as amended, which requires that employment and other opportunities generated by certain HUD assistance to be directed to low- and very-low income persons, particularly to persons who are recipients of HUD housing assistance.

ENVIRONMENTAL DOCUMENTATION:

The site improvements are excluded from the provisions of National Environmental Policy Act, pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (a)(3)(ii) because they involve activities that will not alter existing environmental conditions. Also, the improvements are exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15301 because they involve negligible or no expansion of use beyond what currently exists and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROJECT:

The requested actions will assist the Developer in ensuring the economic viability of the development, and increase the number of units available to very low-income seniors.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

FINANCIAL ANALYSIS

815 East Calaveras Street, unincorporated Altadena

The project consists of a twenty-two (22) senior rental units located at 815 East Calaveras Street in unincorporated Altadena. The complex will be reserved for qualified senior households, eight (8) units will be reserved for households whose income fall below fifty percent (50%) of the Area Median Income and thirteen (13) will be reserved for households whose income are below sixty percent (60%) of Area Median Income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for family size as defined by the U.S. Department of Housing and Urban Development (HUD). The following is a financial analysis of the development based on currently available data.

	Total	**Per Unit**
Development Phase:		
Sources		
HOME Loan	$425,000	$ 19,318
Owner Equity	$ 1	$ .05
TOTAL	**$425,001**	**$ 19,318**
Uses		
Construction Costs	$ 35,101	$ 1,596
Construction Contingency	$ 6,086	$ 277
Loan Modification Amount	$ 383,813	$17,446
Land Acquisition	$ 1	$ .05
TOTAL	**$425,001**	**$ 19,318**
Total Development Cost	**$425,001**	**$ 19,318**

HOME LOAN AGREEMENT

ALTADENA VISTAS APARTMENTS

by and between the

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

a public body corporate and politic

and

LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I

A California nonprofit public benefit corporation

for a loan in the principal amount not to exceed

$ 425,000

August ___, 2004

TABLE OF CONTENTS

TRANSACTION SUMMARY 4

1.0 HOME LOAN 6

2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT 6
2.1 NOTE 6
2.2 BASIC INTEREST 6
2.3 PAYMENT DATES AND AMOUNTS 6
2.4 PAYMENTS DUE ON TRANSFER OR REFINANCE 7
2.5 TERM 7

3.0 ACCELERATION 7

4.0 PREPAYMENT; APPLICATION OF PAYMENTS 7

5.0 SECURITY AND SOURCE OF PAYMENT 8

6.0 ESCROW; CONDITIONS TO FUNDING THE LOAN 8

7.0 PURPOSE OF LOAN DEVELOPER FEE LIMITATIONS 12

8.0 COVENANTS OF BORROWER 12
8.1 COMPLIANCE WITH LAWS 12
8.2 REVENUE DISCLOSURES 13
8.3 OTHER REPORTS 14
8.4 INDEMNIFICATION 14
8.5 AUDIT BY STATE AND FEDERAL AGENCIES 14
8.6 PROGRAM EVALUATION AND REVIEW 14
8.7 HAZARDOUS MATERIALS 15
8.8 INSURANCE 16
(A) LIABILITY 16
(B) PROPERTY INSURANCE 17
(C) WORKER'S COMPENSATION 17
(D) AUTOMOBILE LIABILITY 17
8.9 FINANCIAL STATEMENTS; TAX RETURNS 17
8.10 OTHER LOANS 18
8.11 CONSTRUCTION REQUIREMENTS 18
8.12 RELOCATION REQUIREMENTS 18

9.0 USE OF PROPERTY; LEASING AND MANAGEMENT 19
9.1 RESTRICTION TO LOW- AND VERY-LOW INCOME TENANTS 19
9.2 TENANT SELECTION PROCESS; REPORTS AND RECORDS CONCERNING TENANCIES 20
9.3 MANAGEMENT OF PROJECT 21

9.4 OPERATIONS AND MAINTENANCE 21

10.0 BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION 22
10.1 FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES 22

11.0 INDEPENDENT CONTRACTOR 23

12.0 ASSIGNMENT OF THIS AGREEMENT 23

13.0 EVENTS OF DEFAULT AND REMEDIES 24
13.1. BORROWER EVENTS OF DEFAULT 24
13.2. COMMISSION REMEDIES 25
13.3. NO REMEDY EXCLUSIVE 26
13.4. COMMISSION DEFAULT AND BORROWER REMEDIES 26

14.0 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES 27

15.0 RIGHT OF ACCESS AND INSPECTION 28

16.0 CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY 28

17.0 AMENDMENTS, CHANGES AND MODIFICATIONS 28

18.0 EXECUTION OF COUNTERPARTS 28

19.0 NOTICES 29

20.0 SEVERABILITY 29

21.0 INTERPRETATION 30

22.0 NO WAIVER; CONSENTS 30

23.0 APPLICABLE POLICIES 30
A. GOVERNING LAW 30
B. COMMISSION REQUIREMENTS 29
C. HOME PROGRAM AND FEDERAL REQUIREMENTS 29

24.0 REPRESENTATIONS AND WARRANTIES OF BORROWER 31
A. ORGANIZATION AND STANDING 31
B. ENFORCEABILITY 31
C. AUTHORIZATION AND CONSENTS 31
D. DUE AND VALID EXECUTION 31
E. LICENSES 31
F. LITIGATION AND COMPLIANCE 31
G. DEFAULT 31

H. NO VIOLATIONS 31

25.0 APPROVALS 32

26.0 GOOD FAITH AND FAIR DEALING 32

27.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT 32

28.0 ACCESS AND RETENTION OF RECORDS 33

29.0 ENTIRE AGREEMENT 33

LOAN AGREEMENT

Transaction Summary

Project Name: ALTADENA VISTAS APARTMENTS

Borrower Name: LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I

☐ Limited Partnership ☐LLC ☒ Nonprofit Public Benefit Corporation ☐Other _____

HOME Loan Amount: $ 425,000 Interest Rate: 5% simple

Repayment term: 35 years. Repayment type: ☒ residual receipts (pro rata share with CalHFA ☐ shared appreciation.

Total Number of Units in Project: 21 units and 1 manager's unit

Location (Jurisdiction): Altadena ☐ Incorporated ☒ Unincorporated Site Acreage: 40,635 sq.ft.

Project Type: ☒ rental ☐for sale ☐ special needs (specify: Senior)

Use of HOME Loan Funds: ☐ Acquisition ☐ Predevelopment ☒ Construction ☒ Permanent
☐ For-Sale Unit Assistance

Affordability (# assisted units, income levels): (8) 1-bedroom units at 50% AMI; (13) 1-bedroom units at 60% AMI; (1) 2-bedroom manager's unit.

Other Project Financing Sources / Priority Relative to Commission Loan:

(1)California Housing Finance Agency-	$ 433,300	☒senior	☐junior	☐parity/NA
(2)Community Development Commission - CDBG	$ 396,635	☐senior	☐junior	☒ parity/NA
(3)Community Development Commission - CDBG	$ 225,000	☐senior	☐junior	☒ parity/NA
(4)Community Development Commission - CDBG	$ 85,000	☐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 _____, 2004, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and **LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I,** a California nonprofit public benefit corporation ("Borrower"). 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 not to exceed **FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS** ($425,000) (the "HOME Loan") from the Commission, provided from the federal government's HOME Investment Partnerships Program (HOME), for the purpose of completing necessary renovations to the housing development located at 815 E. Calaveras Street, Altadena, CA ("Project") described in the Transaction Summary above, and as more particularly described in this Agreement and reduce the principal amount of the permanent with the California Housing Finance Agency ("CalHFA"). The responsibility for ensuring that all HOME funds are used appropriately for non-eligible items will lie solely with theBorrower. The Project is located on a site ("Site") legally described on Exhibit "B" to this Agreement. A detailed Project description is attached hereto as Exhibit "F". All remaining funds shall be returned to the Commission.

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

C. WHEREAS, the operation of the Project on the terms and conditions provided in this Agreement will continue to provide affordable housing opportunities for persons of low and/or very low-income as described in the Transaction Summary above.

D. WHEREAS, as more particularly provided below, Borrower will deliver to Commission, among other items, the "HOME Deed of Trust", "HOME Promissory Note" and the "CC&Rs" (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.

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

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

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.

2.0 HOME PROMISSORY NOTE; HOME LOAN REPAYMENT.

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

2.2 Basic Interest. Except for the default interest provisions in the HOME Promissory Note and this Agreement, the disbursed and unpaid principal balance of the HOME Loan shall bear interest commencing on the date on which such HOME Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of five percent (5%) per annum, simple interest. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. From and after Completion of the Project the HOME Loan shall bear interest at the rate of five percent (5%) per annum, simple interest ("Deferral Rate"). Notwithstanding the foregoing, following an "Event of Default" as defined in Section 15.0 below, the outstanding principal balance of the Note shall bear interest at the "Default Rate" defined.

2.3 Payment Dates and Amounts. As set forth in greater detail in the Note, Borrower shall repay the HOME Loan with accrued interest in arrears in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2005. Absent prepayment or acceleration, each of the annual payments due March 15, 2005 through and including March15, 2039 ("Maturity Date") shall be made out of Residual Receipts (as defined in the Note) from immediately preceding calendar year. The amount of each such annual payment to Commission, when combined with the annual loan payment to the California Housing Finance Agency ("CalHFA") shall be paid out of Residual Receipts for the immediately preceding calendar year, at a rate of thirty four percent (34%) of all Residual Receipts for such year. The thirty four percent (34%) of Residual Receipts shall be divided between the three (3) other Commission Loans on the basis of their respective loan balances immediately prior to the annual payments (including their respective remaining principal balances, and accrued but unpaid and all charges respectively due as of such time). Residual Receipts shall be calculated and reported (as defined in the Note) to Commission annually for each calendar 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 Note or of 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 Note shall be due and payable in

full on the Maturity Date.

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 thirty-four percent (34%) of "Net Refinancing Proceeds" received from a "Refinancing", as such terms are defined in the Note.

2.5 Term. This Agreement shall commence as of the day and year first above written and shall remain in full force and effect for thirty-five (35) years, unless sooner terminated as provided herein.

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 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.

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 Note shall not relieve Borrower of the duty to comply with the covenants described in Sections 8, 9, and 10 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 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 Deferral Rate, if any, then toward any deferred principal, and finally toward the remaining principal balance under the Note.

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 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 fee 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 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.

To the extent Commission elects in its sole discretion to count the HOME Loan proceeds as local matching funds under the HOME program administered by HUD, any repayment of the HOME Loan shall be applied by Commission in a manner consistent with both HOME program regulations and applicable provisions of the California Community Redevelopment Law.

6.0 ESCROW; CONDITIONS TO FUNDING THE HOME LOAN.

6.1 Disbursement of the Loan proceeds in accordance with this Agreement, delivery of the executed Note to Commission, and recordation of the HOME Deed of Trust and other HOME Loan Documents to be recorded shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company specifically approved in writing for this transaction by Commission ("Escrow Holder"). The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement including the disbursement of construction funds as authorized by the Executive Director, 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 shared equally by the Parties.

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 that of the Certificate of Completion:

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

(2) Borrower's due execution and deposit into Escrow of the Note.

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

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

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

(6) Escrow Holder shall have assured that upon recordation of the HOME Deed of Trust there will be provided to 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 Commission shall reasonably require) issued by North American Title Insurance Company, Chicago Title Insurance Company, or another title insurer approved by Commission ("Title Company") in the amount of the HOME Loan, insuring Commission's interest as beneficiary under the HOME Deed of Trust encumbering the Property, and specifically insuring that lien of the HOME Deed of Trust against the Property is subject only to the Senior Financing and any exceptions to title applicable to the Property which were shown in a preliminary title report provided to Commission by Title Company and approved in writing by 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 Commission unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy will also be provided to Commission.

(7) Borrower, Commission, and any lender, creditor or lienholder with respect to the Junior Financing and Other Financing (if applicable) have each duly executed (with notary acknowledgment) and deposited into Escrow for recordation at the Close of Escrow a subordination agreement in form and substance satisfactory to Commission ("Subordination Agreement").

(8) 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 permanent financing sources for the Project are or will be available in sufficient amounts to provide for ongoing operation of the Project.

(9) The Project's rehabilitation construction 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 continued 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 improvements have been completed;

(b) 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.

(10) Borrower shall have furnished Commission with certificates of insurance evidencing the coverages required by Section 8.8 below.

(12) Borrower shall have provided to Commission, in form satisfactory to 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 have 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 Commission's satisfaction that the individuals and entities executing this Agreement and the HOME 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.

(13) Escrow Holder shall have obtained, and provided copies to Borrower of, payoff demands from any sources of financing to be paid with HOME Loan proceeds, and Borrower shall have obtained Commission's written approval of a supplemental instruction to Escrow Holder specifying the applicable payees and uses for the HOME Loan proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement.

(14) Borrower shall have provided to Commission, copies of the Conditional Commitment Letter by Columbia Housing Partners, "Equity Investor", evidencing the final equity contribution to the Borrower that will be sent to Escrow Holder and will be disbursed by Escrow Holder to the California Housing Finance Agency, with HOME Loan proceeds pursuant to this Agreement.

Not as a Closing Condition, but prior to the commencement of tenant selection for the Project, Borrower shall have obtained 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 in the Project shall be selected in the event that, at any given time, the number of individuals applying to lease units at the Project, who meet the applicable age and income requirements set forth in Section 9 below, exceeds the number of units available for lease by such tenants.

(15) Borrower shall have furnished the Commission and obtained the Commission's approval of an operating budget and management plan for the Project. The Management Plan shall include a preliminary Operating Budget, in a format mandated by the Commission and approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision, any such revision must be submitted to the Commission no later than 90 days prior to occupancy of the Project and shall be approved at its sole discretion.

6.3 When, and only when, Escrow Holder has confirmed that Closing Conditions (1), (2), (3), (4), (6), (7), (8) and (12) above have been satisfied, and has received written certification from 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&Rs and any Subordination Agreements to be recorded in the Official Records of Los Angeles County, California;

(ii) delivering the executed original Note to Commission;

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

(iv) disbursing the HOME Loan proceeds to the extent provided for pursuant to the supplemental instructions to Escrow Holder approved pursuant to Section 6.2(13) above.

6.4 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 PURPOSE OF HOME LOAN

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

The HOME Loan shall be considered Permanent Financing at such time as the rehabilitation construction is completed and arrangements for the reduction in the amount of the CalHFA Promissory Note secured by the First Trust Deed. The Project shall be "completed," which shall be deemed to have occurred when Commission has received satisfactory evidence that:

1. The Project rehabilitation construction 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) 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.

2. Modification (reduction) of the existing indebtedness to CalHFA, as demonstrated by compliance with Section 6.2 (13) of this Agreement and the closing of the escrow established for the disbursement of the HOME Loan funds.

8.0 COVENANTS OF BORROWER.

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

8.1 Compliance with Laws. Borrower shall comply with all applicable Governmental Restrictions. As used herein, "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; applicable federal, state and local fair housing laws; and public bid and prevailing wage requirements. Borrower shall comply with the environmental mitigation measures specified in the "Environmental Special Conditions", attached hereto as Exhibit K. Borrower shall be solely responsible for determining whether any state or federal prevailing wage requirements may be applicable to the Project, and for implementing any and all prevailing wage requirements which may apply, regardless of whether they may be obligations of the contractor or of the party awarding the contract. Prevailing wage laws include, among others, California Labor Code Section 1720 et seq., and the federal Davis-Bacon Act (40 U.S.C. 276a). If applicable, these requirements may include, among others, the requirement that prevailing wages be paid, that prevailing wage schedules be posted at the jobsite, and that detailed wage records be maintained. Commission has available on file prevailing wage schedules promulgated by the California State Department of Industrial Relations. Borrower shall indemnify, defend and hold Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to the payment or non-payment of prevailing wages in connection with the Project.

(a) Labor Compliance. This construction project is funded in whole or in part with Federal funds. The Borrower and General Contractor shall comply with the Federal Labor Standard Provisions, including prevailing wage requirements of the Davis-Bacon and Related Acts (DBRA), which will be enforced. Whenever a discrepancy between Federal Regulations and State Law is found to exist, the more stringent of the two shall prevail. The applicable wage determination for this project will be determined thirty (30) days prior to the start of construction. The General Contractor and each Subcontractor shall submit all required Labor Compliance forms to the Commission before the start of construction. The General Contractor shall submit to the Commission all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period had ended. The General Contractor shall also collect, review and submit to the Commission all of its subcontractors' payrolls for each pay period within seven (7) days after the pay period had ended. Contractor's failure to submit its payrolls or any subcontractor payrolls within seven (7) days after the pay period had ended, is a violation of this contract and entitles the Commission to withhold up to ten percent (10%) from any pending progress payment until all such payrolls are received. Repeated, ongoing or flagrant failures by the contractor to submit the required forms, its payrolls or the payrolls of its subcontractors in a timely manner and in accordance with this provision constitutes a material breach of this contract which may result in the Commission terminating the contract for default. The Community Development Commission's Labor Compliance Guidelines are incorporated herein by reference and made a part of this agreement.

8.2 Revenue Disclosures. Borrower shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request, at any reasonable time during the 30-year term ("Term") of this Agreement, 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 for the entire Term. 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.

8.3 Other Reports. Upon seventy-two (72) hours written notice, at any reasonable time during the Term, Borrower shall prepare and submit to Commission, all additional reports and any financial, program progress, monitoring, evaluation or other reports 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 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.

8.4 Indemnification. Subject to the provisions of Section 8.8 below, from and after the date hereof, Borrower agrees to and does hereby indemnify, defend and save harmless Commission and its members, directors, agents, officers and employees from and against any and all liability, expense, including reasonable defense costs and legal fees of counsel acceptable to Commission, and claims (collectively, "Claims") for damages of any nature whatsoever, which Claims arise directly or indirectly from or in connection with the Site or the Project, including, but not limited to Claims respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from 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 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 Commission. This covenant shall remain in force and effect following the expiration of the term of the HOME Loan.

8.5 Audit by State and Federal Agencies. Borrower agrees that in the event this Agreement or the HOME Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and Commission, the full amount of the liability to the funding agency resulting from such inspections, unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

8.6 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, tenants, and other program participants, as reasonably required by Commission during the Term.

8.7 Hazardous Materials. Borrower represents, warrants and covenants that it has not and shall not (i) deposit "Hazardous Materials" (as defined below) in, on or upon the Property, or (ii) permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants and agrees to remove or remediate, at its expense (utilizing HOME Loan proceeds only to the extent if at all expressly authorized by Section 8.0 above, and 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 the 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 and common to the normal course of business in the construction or 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. Borrower agrees to indemnify, defend and hold Commission 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. Borrower hereby releases, waives and discharges Commission 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 6901 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 subject property 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.

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 the 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.

8.8 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 the certificates of insurance evidencing 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 (Applicable to Developers, General Contractors and Sub-Contractors only): 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 their 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(Applicable to Developers, General Contractors): "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 policy under a standard lender's endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property while property is under construction and the insurer shall waive any coinsurance via an "agreement" endorsement.

(c) Worker's Compensation (Applicable only if Borrower has Employees): Borrower's 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 (Applicable to General Contractors and Sub-Contractors): 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.

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.

8.9 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 March15th 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 Note) received during the previous calendar year, and (ii) the aggregate Operating Expenses (as defined in the Note) expended during the previous calendar year.

8.10 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.

8.11 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 [18] 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 HACOLA 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 HACOLA, 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 HACOLA's review and approval: (1) a signed certificate from the general contractor, in a form reasonably acceptable to HACOLA, certifying to HACOLA 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 HACOLA 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. Borrower shall comply with any CEQA mitigation measures or other environmental conditions imposed by HACOLA or any other applicable governmental authority in connection with the Project.

8.12 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.C. 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 Commission 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.

9.0 USE OF PROPERTY; LEASING AND MANAGEMENT.

9.1 Restriction to Low-and Very-Low Income 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 35-year Term of this Agreement, Borrower and such successors and assigns shall use the Site solely for the purpose of rehabilitating and operating the Project as a residential development with the number of dwelling units specified herein and, the tenant income levels specified in the Transaction Summary above and in the CC&Rs. All HOME Assisted Units shall be rented only at an "Affordable Housing Cost" to persons of "Low-Income" and "Very-Low Income" as specified in the Transaction Summary above and in the CC&Rs. 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 which are not HOME Assisted Units.

Subject to the reasonable approval of Commission's Executive Director (or his designee), the location of the HOME Assisted Units within the Project may be changed from time to time by Borrower. The covenants described in this Section 9.1 shall remain in effect through the later of the expiration of the Term or the Maturity Date, notwithstanding the repayment of the HOME Loan by Borrower prior to the Maturity Date. The complex is reserved for individuals and families over the age of fifty-five (55). Twenty-one (21) of the units are to be assisted as consideration for the HOME Loan ("HOME Assisted Units"), consisting of thirteen (13) one-bedroom units for low-income households, and eight (8) one-bedroom units for very-low income households.

> "Low-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 United States Department of Housing and Urban Development (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 Low-Income Household, the lesser of the product of thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low 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."

9.2 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 9.1 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 tenant and the amount of rent payable by each tenant. The complex is reserved for individuals and families over the age of fifty-five (55). Borrower 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 Commission to certify such tenant'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 9.1.

9.3 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 9.1.

9.4 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 satisfactory order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the approved plans for the Project and all 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.

10.0 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 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.

10.1 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 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 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 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 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 tenants, lessees, subtenants, 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.

11.0 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.

12.0 ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Borrower only if Borrower obtains the prior express written consent of Commission, which consent may be withheld by Commission in its sole discretion. Notwithstanding anything that may be or appear to be herein to the contrary, 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 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 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.

Any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of 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, or anything to the contrary contained herein or in any other HOME Loan Document, Commission hereby consents to the following events occurring subsequent to the date hereof without Borrower obtaining Commission's written consent with the occurrence of such events: (i) syndication of limited partnership interests 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 partner and (iii) removal of Borrower's general partner 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 or delayed. The foregoing paragraph shall only be applicable if the Project development is financed with the proceeds of state or federal low-income housing tax credits.

13.0 EVENTS OF DEFAULT AND REMEDIES.

13.1 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 Note or the HOME Deed of Trust, without curing such failure within ten (10) 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). Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to a failure by Borrower to timely repay the HOME Loan at the Maturity Date of the Note;

(b) The failure of Borrower to perform any non-monetary covenant or obligation hereunder or under the terms of the 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 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. 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 13.1(c) through 13.1(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 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) 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 12 above or Section 27 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 applicable under Section 7 above) 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.

13.2. 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, except in the case of a default by Borrower under Section 13.1(c) or Section 13.1(d) in which event no notice shall be required, 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 Note, to exercise its rights under the HOME Deed of Trust, and to enforce performance and observance of any obligation, agree-

ment 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 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. In either case, 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 Note;

(d) Subject to the nonrecourse provisions of Section 5 above, upon the occurrence of an Event of Default described in Section 13.1(d) or 13.1(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.

13.3. 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 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.

13.4. 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.

Notwithstanding the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek 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."

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, 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 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.

14.0 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, 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 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.

15.0 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 any work or materials are not 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 or any construction thereof is for the sole purpose of protecting Commission and is not to be construed as an acknowledgment, acceptance or representation by Commission or the County of Los Angeles that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

16.0 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.

17.0 AMENDMENTS, CHANGES AND MODIFICATIONS.

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

18.0 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.

19.0 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) 890-8584

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: Los Angeles County Housing Development Corporation-I
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Richard Wirth
Fax No. (323) 890-8576

With a copy to: Altadena Vistas Apartments L.P.
815 E. Calaveras Street
Altadena, CA 91001
Attn: Richard Wirth
Fax No. (626) 794-6562

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; 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.

20.0 SEVERABILITY.

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

21.0 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 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 Note shall be interpreted to require in each instance the lesser of (i) the amount stated in the 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. In the event of any conflict between the body of this Agreement and Exhibit "A", the body of this Agreement shall prevail and supersede.

22.0 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 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.

23.0 APPLICABLE POLICIES.

A. Governing Law.

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

B. Commission Requirements.

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

C. 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".

24.0 REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to Commission that:

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 Note, the HOME Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This Agreement, the Note, the 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. 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. 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. 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. To Borrower's current actual knowledge, 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. To Borrower's current actual knowledge, 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 13.

H. No Violations. The execution and delivery of this Agreement, the 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, to Borrower's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

25.0 APPROVALS.

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

Any review or approval of any matter by Commission or any Commission official or employee under this Agreement shall be solely for the benefit of 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 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.

26.0 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.

27.0 ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

27.1 Without the prior written approval of Commission, which approval 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 tenant 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 12.0 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.

27.2 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 27 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 27. 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. Upon the effectiveness of any such Transfer, Borrower shall be released from its obligations under the HOME Loan Documents.

27.3 Notwithstanding anything in this Agreement which may be or appear to be to the contrary, 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.

27.4 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.

28.0 ACCESS AND RETENTION OF RECORDS.

Contractor 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 Contractor which are directly pertinent to this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

The Contractor 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 9.2 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.

29.0 ENTIRE AGREEMENT.

This Agreement with Exhibits A-K constitutes the entire understanding and agreement of the parties.

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

BORROWER:

LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I,
A California Nonprofit Public Benefit Corporation

By_____
Richard Wirth, CEO

APPROVED AS TO FORM:

Office of the County Counsel

By:_____
Deputy

TABLE OF EXHIBITS

EXHIBIT "A"	DIRECTORY OF DEFINED TERMS
EXHIBIT "B"	SITE LEGAL DESCRIPTION
EXHIBIT "C"	PROMISSORY NOTE
EXHIBIT "D"	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"	BORROWER'S LOBBYIST CERTIFICATIONS
EXHIBIT "K"	COMMISSION REQUIREMENTS
EXHIBIT "L"	SAFELY SURRENDERED BABY LAW FACT SHEET

EXHIBIT "A" TO HOME LOAN AGREEMENT

DIRECTORY OF DEFINED TERMS

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

Affordable Housing Cost (Section 9.1)
Agreement (preamble)
Annual Statement (Section 8.9)
Assignment (Section 2.4)
Borrower (preamble)
CC&Rs (Section 6.2(3))
Claims (Section 8.4)
Close of Escrow (Section 6.3)
Closing Conditions (Section 6.2)
Closing Deadline (Section 6.2)
Commission (preamble)
Construction Contract (Section 6.2(9))
Default Rate (Section 4)
Deferral Rate (Section 2.2)
Escrow (Section 6.1)
Escrow Holder (Section 6.1)
Event of Default (Section 13)
General Contractor (Section 6.2(9))
Governmental Restrictions (Section 9.1)
Gross Rents (Section 8.9)
Hazardous Materials (Section 8.7)
HOME Assisted Units (Section 9.1)
HOME Deed of Trust (Section 5)
HOME Loan (Recital A)
HOME Loan Documents (Section 6.2(5))
Junior Financing (Recital B)
Low-Income (Section 9.1)
Management Contract (Section 9.3)
Management Entity (Section 9.3)
Manager (Section 9.3)
Maturity Date (Section 2.3)
Net Proceeds (Section 2.4)
Net Refinancing Proceeds (Section 2.4)
Note (Section 2.1)
Operating Expenses (Section 8.9)
Other Financing (Recital B)
Parties (preamble)
Party (preamble)
Permanent Loan (Recital)
Permitted Senior Encumbrances (Section 6.2(6))
Plans (6.2(9))
Project (Recital A)
Property (Section 5)
Refinancing (Section 2.4)
Residual Receipts (Section 2.3)
Senior Financing (Recital B)
Site (Recital A)
Subordination Agreement (Section 6.2(7))
Term (Section 2.5)
Title Company (Section 6.2(6))
Transfer (Section 27.1)
Transfer Documents (Section 27.1)
Transfer Notice (Section 27.2)
Very-Low Income (Section 9.1)

EXHIBIT "B" TO HOME LOAN AGREEMENT

LEGAL DESCRIPTION OF THE SITE

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

PORTIONS OF LOTS 12 AND 13 BLOCK 3 OF MAP 1 ALTADENA, AS PER MAP RECORDED IN BOOK 16 PAGE(S) 45 AND 46 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND A PORTION OF SAN PASCUAL RANCHO, IN SAID COUNTY, AS PER MAP RECORDED IN BOOK 1 PAGES 19 AND 20 OF PATENTS, SAID COUNTY RECORDS AND ALSO A PORTION OF VACATED CALAVERAS STREET, AS VACATED BY AN ORDER OF THE BOARD OF SUPERVISORS RECORDED IN BOOK 355 PAGE 74, OFFICIAL RECORDS, ALL BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWESTERLY CORNER OF SAID LOT 122, THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 12, 30.0 FEET TO A POINT ON A LINE PARALLEL WITH AND 30.0 FEET EASTERLY OF THE WESTERLY LINE OF SAID LOT 12 AND THE TRUE POINT OF BEGINNING; THENCE NORTHERLY ALONG SAID PARALLEL LINE 225.0 FEET TO A POINT ON A SOUTHERLY LINE OF THE NORTHERLY 60.00 FEET OF SAID LOTS 12 AND 13; THENCE WESTERLY ALONG SAID SOUTHERLY LINE 45.00 TO A POINT ON A LINE PARALLEL WITH AND 15.00 FEET WESTERLY OF EASTERLY LINE OF SAID LOT13; THENCE NORTHERLY ALONG SAID PARALLEL LINE AND ITS NORTHERLY PROLONGATION 90.00 FEET TO THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO RUBIO CANNON LAND AND WATER ASSOCIATION, RECORDED AS DOCUMENT NO. 91 ON JUNE 1, 1917 IN BOOK 6496 PAGE 44 OF DEEDS, IN THE OFFICE OF SAID RECORDER; THENCE WESTERLY 85.00 FEET ALONG SAID NORTHERLY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLONGATION OF WESTERLY LINE OF SAID LOT 13; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 330.0 FEET TO A POINT ON A LINE PARALLEL WITH AND 15.00 FEET SOUTHERLY, FROM THE SOUTHERLY LINE OF SAID LOT 13; THENCE EASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE 130.00 FEET TO A POINT ON THE SOUTHERLY PROLONGATION OF A LINE PARALLEL OF LOT 12; THENCE NORTHERLY ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.

EXCEPTING FROM A PORTION OF THE ABOVE DESCRIBED LAND, TO THE COUNTY OF LOS ANGELES ALL OIL, GAS, HYDROCARBONS, OR OTHER MINERALS IN AND UNDER THE ABOVE DESCRIBED REAL PROPERTY WITHOUT THE RIGHT TO THE USE OF THE SURFACE OR SUBSURFACE TO A DEPTH OF 500 FEET, MEASURED VERTICALLY, FROM THE SURFACE OF SAID REAL PROPERTY AS PROVIDED IN DEED RECORDED JANUARY 23, 1992 AS INSTRUMENT NO. 92-121679, OFFICIAL RECORDS.

Commonly known as 815 East Calaveras Street, Altadena, CA

EXHIBIT "C" TO HOME LOAN AGREEMENT

HOME PROMISSORY NOTE

$ 425,000 August__, 2004

For value received, the undersigned, **LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I**, a California Nonprofit Public Benefit Corporation ("Borrower") 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 Commission may from time to time designate in writing), the principal sum not to exceed **FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($425,000)** (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, in accordance with the terms and conditions of that certain Loan Agreement dated as of August ___, 2004, entered into between Borrower and Commission (the "Loan Agreement"), and the terms and conditions of this HOME Promissory Note (this "Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with funds for use in connection with development of a housing project ("Project") on a site more particularly described in the Loan Agreement ("Site"). All remaining funds will be returned to the Commission.

1. Interest.

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 five percent (5%) per annum, simple interest. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. From and after Completion of the Project, the loan shall bear interest at the rate of five percent (5%) per annum, simple interest ("Deferral Rate"). Notwithstanding the foregoing, following an "Event of Default" as defined in Section 9.0 below, the outstanding principal balance of the Note shall bear interest at the "Default Rate" defined.

1.2 Payment Dates and Amounts. Except as otherwise provided in this Note, Borrower shall repay the HOME Loan with accrued interest in arrears in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2005. Absent prepayment or acceleration, each of the annual payments due March 15, 2005 through and including March 15, 2039 ("Maturity Date") shall be made out of Residual Receipts (as defined in the Note) from immediately preceding calendar year. The amount of each such annual payment to Commission, when combined with the annual loan payment to the California Housing Finance Agency ("CalHFA") out of Residual Receipts for the immediately preceding calendar year, shall equal thirty-four percent (34%) of all Residual Receipts for such year. The thirty-four percent (34%) amount shall be divided between the three (3) other Commission Loans on the basis of their respective loan balances immediately prior to the annual payments (including their respective remaining principal balances, and accrued but unpaid interest and all charges respectively due as of such time). Residual Receipts shall be calculated and reported (as defined in the

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 Note or of 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 Note shall be due and payable in full on the Maturity Date.

1.3 Documentation Regarding Residual Receipts. Borrower shall provide to Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to 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 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 otherwise due under the terms of this Agreement or the Note, shall bear interest at the rate of ten percent (10%) per annum ("Default Rate"), simple interest, from the date otherwise 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 exceeds 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, and revenues, payment 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 this immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of 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, the 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 by its members, partners or shareholders; (cc) condemnation or insurance proceeds constituting "Net Proceeds" as defined in Section 1.6 below; (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; or (ee) receipt by an affiliate of management fees or other bona fide arms-length payments for reasonable and necessary operating expenses associated with 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) non-elective 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 by Borrower during such calendar year; (iii) all amounts paid 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, that the amount included as property management fees, and administrative fees in Operating Expenses shall each not exceed $35 per unit per month, to be increased annually for inflation as noted in the CPI printed in the Wall Street Journal of September 15th for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower; (v) Eligible Operating Reserves.

(a) Partnership Asset Management fees not exceeding the amount of $10,000 (which shall only be paid on the basis of supporting documentation reasonably acceptable to Commission) may be paid after all operating expenses and debt service, but prior to residual receipts.

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.

1.5.5 Reserves.

(a) Definitions.

(i) "Eligible Operating Reserves" shall mean with respect to each calendar year or portion thereof, Operating Reserves that meet the requirements set forth in Subpart (b) of this Section 1.5.5.

(ii) "Replacement Reserves" shall mean reserves funded out of Residual Receipts (as provided for in Section 1.5.3(v)) or Loan advances (as provided for in Section 1.5.5(e)) and actually set aside for:

(A) taxes and assessments, as described in Section 1.5.3 (ii);

(B) insurance premiums, as described in Section 1.5.3(iii);

(C) replacement of roofing, furniture, fixtures, equipment and other capital expenditures not more than the greater of (I) Two Hundred ($200) per unit per year, or (II) subject to the Operating Reserve Cap (as defined in Section 1.5.5), such higher amount per unit as may be required by a tax creditor investor or holder of Senior Financing;

(D) operation of the Project as may, for reasons other than those described in Subpart (a) (ii) (C) of this Section 1.5.5, be required in connection with Senior Financing or by an investor limited partner;

(E) any other purpose which itself constitutes an Operating Expense.

(b) Eligible Operating Reserve Requirements. Operating Reserves shall be considered Eligible Operating Reserves only if:

(i) Commission has approved a written request ("Reserve Request") submitted to Commission by Borrower that identifies:

(A) the specific expenditure(s) sought to reserve for;

(B) the reason why it is necessary to provide a reserve for the expenditure(s); and

(C) each particular period which shall in no event be for more than eighteen (18) months from the date Commission approves the Reserve Request (the "Reserve Period"), during which the funds sought to be reserved are to be expended;

(ii) The Operating Reserves are segregated in a special account ("Reserve Account") established with a financial institution or other duly licensed escrow agent mutually acceptable to the Parties ("Escrow Agent"); and

(c) Operating Reserves Cap. The Operating Reserve together with operating reserves of any kind established from time to time from any Project funding source other than the Loan, shall not, in the aggregate, exceed $400,000 at any time (as such amount may be adjusted from time to time by the mutual agreement of the Parties) ("Operating Reserve Cap").

(d) Release of Eligible Operating Reserves. Eligible Operating Reserves shall not be released to Borrower out of the Reserve Account unless and until:

(i) The Borrower has submitted to Commission:

(A) a written disbursement request ("Disbursement Request") seeking the release of funds out of the Reserve Account for the particular expenditure(s) and with respect to the Reserve Period designated in the applicable Reserve Request previously approved by Commission;

(B) supporting documentation establishing, in Commission's sole determination, that but for the release of the funds requested in the Disbursement Request, sufficient funds would not otherwise be available to the Borrower for the designated expenditure(s); and

(ii) Commission has, in its sole and absolute discretion, approved in writing the Disbursement Request.

(e) "Up Front" Reservation of Funds. In addition to funding Project reserves out of Residual Receipts, provided for in Section 1.5.5(v), Project reserves may be funded directly from the proceeds of the Loan, provided (i) Commission has approved a "Reserve Request" (as defined in Section 1.5.5(b)(i)) which approval may be granted in Commission's sole and absolute discretion; (ii) the reserves are placed into a Reserve Account (as defined in Section 1.5.5(b)(ii)); and (iii) the reserves are not released except in accordance with Section 1.5.5 (d).

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 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, thirty-four percent (34%) of the Net Refinancing Proceeds received from any such Refinancing

"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 thirty-four percent (34%); 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, 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 shall 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 an affiliate or constituent member or partner, or majority shareholder, of Borrower 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 non-cash 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 Commission), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower 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 in connection with any damage to or destruction of the Site or the Project or any part thereof; 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 which is or appears to be 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, or 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.

With the written approval of Commission's Board of Supervisors, Commission may, in its sole discretion, waive or reduce its percentage share of Net Proceeds of an Assignment or Net Refinancing Proceeds under this Section 1.6, if it determines on a case-by-case basis that to do so is necessary to further the goals and purposes of Commission's HOME Fund program.

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 the 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.

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 Deferral Rate, if any, then toward any deferred principal, and finally toward the remaining principal balance under the Note.

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 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 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 Commission. 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 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, 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 Commission as security for repayment of the Loan, such that neither Borrower nor any partner of Borrower shall have personal liability for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on 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.

The Loan proceeds shall be used by Borrower only to pay eligible development costs (including predevelopment costs) of the Project and such other uses previously approved in writing by Commission. 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.

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

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. Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project. 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 Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of Commission, which consent may be withheld by Commission in its sole discretion. Notwithstanding anything, which may be or appear to be herein to the contrary, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any 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 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 Loan Documents, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee.

9. Events of Default and Remedies.

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 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). Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods 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 non-monetary covenant or obligation hereunder or under 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 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 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. 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 9(A)(3) through 9(A)(7) 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 12 or Section 27 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. Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, except in the case of a default by Borrower under Section 9(A)(3) or Section 9(A)(4) in which event no notice shall be required, 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 expressly waived. 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 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 Deed of Trust or the Loan Agreement, 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. In either case, 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 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, 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 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.

C. 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 Note or now existing at law or 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 Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies. Upon fault or failure of 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 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 Commission of the terms and conditions of this Note or seeking to enjoin any act by Commission which is prohibited hereunder; or

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

Notwithstanding the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from 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.

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 Loan Documents as a consequence of any breach by the other party of its obligations 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 Commission, upon demand by Commission, for all costs incurred by 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 Commission is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability.

No official or employee of Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of 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 Commission shall be personally liable in the event of a breach of this Note by Commission.

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.

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 (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 (323) 890-8576

If to Borrower: Los Angeles County Housing
Development Corporation-I
Two Coral Circle
Monterey Park, California 91755
Attn: Richard Wirth
Fax (323) 890-8576

With a copy to: Altadena Vistas Apartments L.P.
815 E. Calaveras Street
Altadena, California 91001
Attn: Richard Wirth
Fax (323) 890-8576

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, 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 to which notice shall be sent pursuant to this Note.

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.

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.

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.

17. Governing Law.

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

18. Representations and Warranties of Borrower.

Borrower hereby warrants and represents to Commission that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly organized, 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 Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

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. 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. 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. 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. To Borrower's current actual knowledge, 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 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. To Borrower's current actual knowledge, 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. 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, to Borrower's current actual knowledge, will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

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

Any review or approval of any matter by Commission or any Commission official or employee under this Note shall be solely for the benefit of 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 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.

20. 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.

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 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 Commission may have.

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

BORROWER:

LOS ANGELES COUNTY HOUSING
DEVELOPMENT CORPORATION-I
a California Nonprofit Public Benefit Corporation

By:_____
Richard Wirth

Its: Chief Executive Officer

EXHIBIT "D" TO HOME LOAN AGREEMENT

DEED OF TRUST

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_____, by and between **LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I**, a California nonprofit public benefit corporation ("Trustor") whose address is 2 Coral Circle, Monterey Park CA 91755, _____ Title Insurance Company ("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 not to exceed FOUR HUNDRED TWENTY-FIVE THOUSAND Dollars ($425,000) (the "Loan") pursuant to that certain Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of _____. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan. All remaining funds will be returned to the Commission.

B. Trustor intends to use the Loan proceeds for the purpose of providing permanent financing for the housing development described in the Loan Agreement (the "Project"). The Project is 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

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 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.

(H) 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.

(I) 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, including, without limitation, the covenants, conditions and restrictions contained in the CC&Rs recorded against the Property in favor of the Commission;

(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 "Loan Documents" (as defined therein), and any extension, renewal or modification of such Loan Agreement and 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 no material default 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 impose.

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 any time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Section 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 in material default hereunder, 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 in material default hereunder, (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 bear interest at a rate of zero percent (0%) per annum (simple interest) as 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 rate of zero percent (0%) per annum (simple interest); 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 rate of zero percent (0%) per annum (simple interest). 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 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. Reserved

18. Default. The Trustor will 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 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). Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods 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 non-monetary 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 non-monetary 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(g) 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 "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 30 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), 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; or

h. 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, 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 so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either 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 below, 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 liability 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 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 will from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary a certified statement in form satisfactory to Beneficiary showing 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 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 Non-Recourse. 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, 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.

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. 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, (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. 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.

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 insure 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. Upon the effectiveness of any such Transfer, Trustor shall be released from obligations arising thereafter under the Loan Documents.

Notwithstanding anything in this Deed of Trust which may be or appear to be 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.

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:

LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I

A California nonprofit pubic benefit corporation

By: _____
Richard Wirth
Its: Chief Executive Officer

BENEFICIARY:

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

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Office of the County Counsel

By: _____
Deputy

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ 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 LOS ANGELES)

On _____ 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

ATTACHMENT 1

Legal Description of Property

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

PORTIONS OF LOTS 12 AND 13 BLOCK 3 OF MAP 1 ALTADENA, AS PER MAP RECORDED IN BOOK 16 PAGE(S) 45 AND 46 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND A PORTION OF SAN PASCUAL RANCHO, IN SAID COUNTY, AS PER MAP RECORDED IN BOOK 1 PAGES 19 AND 20 OF PATENTS, SAID COUNTY RECORDS AND ALSO A PORTION OF VACATED CALAVERAS STREET, AS VACATED BY AN ORDER OF THE BOARD OF SUPERVISORS RECORDED IN BOOK 355 PAGE 74, OFFICIAL RECORDS, ALL BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWESTERLY CORNER OF SAID LOT 122, THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 12, 30.0 FEET TO A POINT ON A LINE PARALLEL WITH AND 30.0 FEET EASTERLY OF THE WESTERLY LINE OF SAID LOT 12 AND THE TRUE POINT OF BEGINNING; THENCE NORTHERLY ALONG SAID PARALLEL LINE 225.0 FEET TO A POINT ON A SOUTHERLY LINE OF THE NORTHERLY 60.00 FEET OF SAID LOTS 12 AND 13; THENCE WESTERLY ALONG SAID SOUTHERLY LINE 45.00 TO A POINT ON A LINE PARALLEL WITH AND 15.00 FEET WESTERLY OF EASTERLY LINE OF SAID LOT13; THENCE NORTHERLY ALONG SAID PARALLEL LINE AND ITS NORTHERLY PROLONGATION 90.00 FEET TO THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO RUBIO CANNON LAND AND WATER ASSOCIATION, RECORDED AS DOCUMENT NO. 91 ON JUNE 1, 1917 IN BOOK 6496 PAGE 44 OF DEEDS, IN THE OFFICE OF SAID RECORDER; THENCE WESTERLY 85.00 FEET ALONG SAID NORTHERLY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLONGATION OF WESTERLY LINE OF SAID LOT 13; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 330.0 FEET TO A POINT ON A LINE PARALLEL WITH AND 15.00 FEET SOUTHERLY, FROM THE SOUTHERLY LINE OF SAID LOT 13; THENCE EASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE 130.00 FEET TO A POINT ON THE SOUTHERLY PROLONGATION OF A LINE PARALLEL OF LOT 12; THENCE NORTHERLY ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.

EXCEPTING FROM A PORTION OF THE ABOVE DESCRIBED LAND, TO THE COUNTY OF LOS ANGELES ALL OIL, GAS, HYDROCARBONS, OR OTHER MINERALS IN AND UNDER THE ABOVE DESCRIBED REAL PROPERTY WITHOUT THE RIGHT TO THE USE OF THE SURFACE OR SUBSURFACE TO A DEPTH OF 500 FEET, MEASURED VERTICALLY, FROM THE SURFACE OF SAID REAL PROPERTY AS PROVIDED IN DEED RECORDED JANUARY 23, 1992 AS INSTRUMENT NO. 92-121679, OFFICIAL RECORDS.

Commonly known as 815 East Calaveras Street, Altadena, CA

OFFICIAL BUSINESS

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 LOAN)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the _____ day of August, 2004 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("The Commission"), and LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION-I, a California Nonprofit Public Benefit Corporation ("Owner"), with reference to the following:

A. The Commission and Owner are parties to a Loan Agreement ("Loan Agreement") dated as of the ___ day of August, 2004, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount no to exceed FOUR HUNDRED TWENTY- FIVE THOUSAND DOLLARS ($425,000.00) (the "Loan") for the purpose of rehabilitating the housing project and modifying the current financing with the California Housing Finance Agency ("CalHFA")described in the Loan Agreement (the "Project"). The Project is located on a site legally described on Exhibit "A" to this Agreement (the "Site"). All remaining funds shall be returned to the Commission.

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. Restriction to Very-Low Income 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 35 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 operating the Project as residential rental housing with 22 dwelling units and, with respect to the units designated by Owner to be assisted as consideration for the Loan ("Assisted Units"), 22 units shall be operated in accordance with the terms of this Agreement. All Assisted Units shall be rented only at an "Affordable Housing Cost" to "Low-Income Households" or "Very Low-Income Households" as defined below (persons within these groups occasionally referred to as "Eligible Persons") meeting the income criteria applicable to the unit as provided in the following tables:

	Very Low-Income Households	Low-Income Households	Manager's Unit
One-Bedroom	8	13	
Two-Bedroom			1

"Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed the sixty percent (60%) of Area Median Income, adjusted for family size and other adjustment factors by United States Department of Housing and Urban Development (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 Low-Income Household, the lesser of the product of thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for family size appropriate to the Assisted Unit, or the Low 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."

Owner shall specifically provide in each Assisted Unit lease and shall strictly enforce the requirement that each Assisted Unit be occupied at all times by the Eligible Person who has leased that 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 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 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 fifty-fifth (55th) anniversary of the date, June 22, 1992, which is in the Disposition and Development Agreement executed by and between the Commission and the Owner, notwithstanding the 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 Section 1(a) above, including without limitation the requirement that Owner deliver reports to the Commission commencing when all assisted units are rented after the completion of construction, along with the financial reporting requirements described in Section 8.8 of the Loan Agreement, 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 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 Section 1.

c. [Intentionally omitted]

(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 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 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 Owner and 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 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; laws specified in the Loan Agreement; and applicable federal, state and local fair housing laws. Owner shall indemnify, defend and hold the Commission harmless from any suit, cost, attorneys fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of Owner'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 approved plans for the Project 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 curbline(s) 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 curbline(s) 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 curbline(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 or 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) [Intentionally omitted.]

(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 Section 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 throughout 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 curbline(s) 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 nor 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 curbline(s). Local laws for the purposes of this section 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 ("the 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/or Liabilities to the extent resulting from the negligence or misconduct of the Commission and/or any Commission Representatives.

Without limiting Owner's indemnification of the Commission as set forth above, upon the close of Escrow, 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 Commisison and all Commisison

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 Commisison 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, including builder's risk protection during the course of construction, covering the full replacement value of the improvements. Said insurance shall provide flood coverage if in a designated flood plain, and for earthquake if this protection is available from responsible carriers at reasonable cost. 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. Workers' 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, non-owned 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 immediately terminate this Agreement or, 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 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 as set forth in 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. 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) 890-8584

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 & Preservation
Fax No. (323) 890-8576

If to Borrower:
Los Angeles County Housing Development Corporation-I
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Richard Wirth
Fax No. (323) 890-8576

With a copy to:

Altadena Vistas Apartments L.P.
815 E. Calaveras Street
Altadena, CA 91001
Attn: Richard Wirth
Fax No. (626) 794-6562

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.

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.

THE COMMISSION:

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

By:_____
Carlos Jackson, Executive Director

BORROWER:

LOS ANGELES COUNTY HOUSING
DEVELOPMENT CORPORATION- I
A, California Nonprofit Public Benefit
Corporation

By:_____
Richard Wirth, CEO

APPROVED AS TO FORM:

Office of the County Counsel

By:_____
Deputy

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 IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, AND IS DESCRIBED AS FOLLOWS:

PORTIONS OF LOTS 12 AND 13 BLOCK 3 OF MAP 1 ALTADENA, AS PER MAP RECORDED IN BOOK 16 PAGE(S) 45 AND 46 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND A PORTION OF SAN PASCUAL RANCHO, IN SAID COUNTY, AS PER MAP RECORDED IN BOOK 1 PAGES 19 AND 20 OF PATENTS, SAID COUNTY RECORDS AND ALSO A PORTION OF VACATED CALAVERAS STREET, AS VACATED BY AN ORDER OF THE BOARD OF SUPERVISORS RECORDED IN BOOK 355 PAGE 74, OFFICIAL RECORDS, ALL BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWESTERLY CORNER OF SAID LOT 122, THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 12, 30.0 FEET TO A POINT ON A LINE PARALLEL WITH AND 30.0 FEET EASTERLY OF THE WESTERLY LINE OF SAID LOT 12 AND THE TRUE POINT OF BEGINNING; THENCE NORTHERLY ALONG SAID PARALLEL LINE 225.0 FEET TO A POINT ON A SOUTHERLY LINE OF THE NORTHERLY 60.00 FEET OF SAID LOTS 12 AND 13; THENCE WESTERLY ALONG SAID SOUTHERLY LINE 45.00 TO A POINT ON A LINE PARALLEL WITH AND 15.00 FEET WESTERLY OF EASTERLY LINE OF SAID LOT13; THENCE NORTHERLY ALONG SAID PARALLEL LINE AND ITS NORTHERLY PROLONGATION 90.00 FEET TO THE NORTHERLY LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO RUBIO CANNON LAND AND WATER ASSOCIATION, RECORDED AS DOCUMENT NO. 91 ON JUNE 1, 1917 IN BOOK 6496 PAGE 44 OF DEEDS, IN THE OFFICE OF SAID RECORDER; THENCE WESTERLY 85.00 FEET ALONG SAID NORTHERLY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLONGATION OF WESTERLY LINE OF SAID LOT 13; THENCE SOUTHERLY ALONG SAID WESTERLY LINE 330.0 FEET TO A POINT ON A LINE PARALLEL WITH AND 15.00 FEET SOUTHERLY, FROM THE SOUTHERLY LINE OF SAID LOT 13; THENCE EASTERLY ALONG SAID LAST MENTIONED PARALLEL LINE 130.00 FEET TO A POINT ON THE SOUTHERLY PROLONGATION OF A LINE PARALLEL OF LOT 12; THENCE NORTHERLY ALONG SAID PARALLEL LINE TO THE TRUE POINT OF BEGINNING.

EXCEPTING FROM A PORTION OF THE ABOVE DESCRIBED LAND, TO THE COUNTY OF LOS ANGELES ALL OIL, GAS, HYDROCARBONS, OR OTHER MINERALS IN AND UNDER THE ABOVE DESCRIBED REAL PROPERTY WITHOUT THE RIGHT TO THE USE OF THE SURFACE OR SUBSURFACE TO A DEPTH OF 500 FEET, MEASURED VERTICALLY, FROM THE SURFACE OF SAID REAL PROPERTY AS PROVIDED IN DEED RECORDED JANUARY 23, 1992 AS INSTRUMENT NO. 92-121679, OFFICIAL RECORDS.

Commonly known as 815 East Calaveras Street, Altadena, CA

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 mod. 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 Commisison 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; weatherstripping 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 DISPOSER: Clean, intact, working properly without excessive nose; 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.

EXHIBIT "D" TO CC&RS

Community Development Commission of the County of Los Angeles
PREVENTATIVE MAINTENANCE STANDARDS

Preventative 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 preventative maintenance reduces long-range operating costs and lessens the necessity for major restorations and improvements. Preventative 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

EXHIBIT "F" TO HOME LOAN AGREEMENT

PROJECT DESCRIPTION

Altadena Vistas Apartments is an affordable senior rental complex that consists of 22 units located at 815 East Calaveras Street, in the unincorporated area of Altadena in Los Angeles County. In 1995, construction was completed and the property was placed in service. The HOME funds for the project will be used to reduce the permanent financing with the California Housing Finance Agency, fund improvements to the property, including modernization of the common area electrical system, replacement and installation of dual-glaze weatherized windows in the common area, and renovations to the heating, ventilation, and air conditioning (HVAC) units.

The complex is reserved for individuals and families over the age of 55, and consists of 21- one-bedroom, and 1 two-bedroom manager's unit. Eight (8) of the units are designated as very low-income units and are made affordable to senior households whose incomes do not exceed fifty percent (50%) of 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), and thirteen (13) units are designated as low-income units and are made affordable to senior households with incomes that do not exceed sixty percent (60%) of AMI for the Los Angeles-Long Beach MSA.

EXHIBIT "G" TO HOME LOAN AGREEMENT

SITE PLANS & ELEVATIONS

Intentionally Omitted

EXHIBIT "H" TO HOME LOAN AGREEMENT

DEVELOPMENT PRO FORMA

Applicant: Altadena Vistas, L.P.
Project: 815 Calavaras Street
CHFA Loan # 90-034-S

CHFA Terms

CHFA First TD Bal:	$812,391	**New Total Due CHFA:**	**$433,300**
HAT Loan Balance:	$124,449	**Rate:**	**4.00%**
Current Total Due CHFA:	**$936,840**	**Terms Yrs:**	**35**
Buy Down Amt:	**$503,540**	PMT	(23,023)
CDC Loan:	**$383,813**	Per Unit/Month	$282
PNC Investment:	**$119,727**	Debt Cov Ratio:	1.96

		INCREASE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME		INCREASE															
Gross Residential Income		2.00%	128,184	130,748	133,363	136,030	138,750	141,525	144,356	147,243	150,188	153,192	156,256	159,381	162,568	165,820	169,136
Laundry		2.00%	500	510	520	531	541	552	563	574	586	598	609	622	634	647	660
Vacancy Loss	2.00%		(2,564)	(2,615)	(2,667)	(2,721)	(2,775)	(2,831)	(2,887)	(2,945)	(3,004)	(3,064)	(3,125)	(3,188)	(3,251)	(3,316)	(3,383)
TOTAL EFF. GROSS INCOME			$126,120	$128,643	$131,216	$133,840	$136,517	$139,247	$142,032	$144,873	$147,770	$150,725	$153,740	$156,815	$159,951	$163,150	$166,413
EXPENSES		INCREASE															
Operating Expenses	3,385	3.25%	(74,476)	(76,896)	(79,396)	(81,976)	(84,640)	(87,391)	(90,231)	(93,164)	(96,192)	(99,318)	(102,546)	(105,878)	(109,319)	(112,872)	(116,541)
Replacement Reserve	300		(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)
TOTAL EXPENSES	3,685		($81,076)	($83,496)	($85,996)	($88,576)	($91,240)	($93,991)	($96,831)	($99,764)	($102,792)	($105,918)	($109,146)	($112,478)	($115,919)	($119,472)	($123,141)
NET OPERATING INCOME			**$45,044**	**$45,148**	**$45,220**	**$45,264**	**$45,277**	**$45,256**	**$45,201**	**$45,109**	**$44,979**	**$44,808**	**$44,594**	**$44,336**	**$44,032**	**$43,678**	**$43,273**
Debt Service 1st Loan (CHFA):		1.96	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)
Investor Fee			(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	0	0	0	0	0	0	0	0	0	0
Residual Receipts Available			$19,022	$19,124	$19,197	$19,241	$19,254	$22,234	$22,178	$22,086	$21,956	$21,785	$21,572	$21,314	$21,009	$20,655	$20,250
Cash Flow		*25%*	*4,755*	*4,781*	*4,799*	*4,810*	*4,813*	*5,558*	*5,545*	*5,522*	*5,489*	*5,446*	*5,393*	*5,328*	*5,252*	*5,164*	*5,062*
RR-Debt Service		75%	5,266	5,343	5,398	14,431	14,440	16,675	16,634	16,565	16,467	16,339	16,179	15,985	15,757	15,491	15,187
Past Due Investor Fees			(9,000)	(9,000)	(9,000)												
BALANCES																	
Replacement Resrv Balance		52,363	58,963	65,563	72,163	78,763	85,363	91,963	98,563	105,163	111,763	118,363	124,963	131,563	138,163	144,763	151,363
LOAN BALANCE																	
CHFA/ LP		Principal															
1st TD Debt Service		$433,300	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)
Principal Reduction			(5,883)	(6,118)	(6,363)	(6,618)	(6,882)	(7,158)	(7,444)	(7,742)	(8,051)	(8,373)	(8,708)	(9,057)	(9,419)	(9,796)	(10,188)
Outstanding Principal			$427,417	$421,299	$414,935	$408,318	$401,435	$394,278	$386,834	$379,092	$371,041	$362,667	$353,959	$344,902	$335,483	$325,688	$315,500
LP loans (RR)	32.0%																
3rd Trust Deed			(1,685)	(1,710)	(1,727)	(4,618)	(4,621)	(5,336)	(5,323)	(5,301)	(5,269)	(5,228)	(5,177)	(5,115)	(5,042)	(4,957)	(4,860)
Interest		3.0%	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
Outstanding Principal		$ 310,000	317,615	325,205	332,778	337,460	342,139	346,103	350,080	354,079	358,110	362,181	366,304	370,489	374,747	379,089	383,529
CDC/ LP (new-RR)	**34%**																
4th Trust Deed			(1,791)	(1,817)	(1,835)	(4,907)	(4,910)	(5,670)	(5,655)	(5,632)	(5,599)	(5,555)	(5,501)	(5,435)	(5,357)	(5,267)	(5,164)
Interest		**5.0%**	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191
Outstanding Principal		**$ 383,813**	401,213	418,587	435,942	450,227	464,507	478,029	491,564	505,122	518,714	532,350	546,039	559,795	573,628	587,552	601,579
CDC/ HDC (RR)	34.0%																
2nd Trust Deed			(1,791)	(1,817)	(1,835)	(4,907)	(4,910)	(5,670)	(5,655)	(5,632)	(5,599)	(5,555)	(5,501)	(5,435)	(5,357)	(5,267)	(5,164)
Interest		3.0%	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899
Outstanding Principal		$396,635	406,743	416,826	426,889	433,882	440,871	447,101	453,344	459,611	465,911	472,255	478,653	485,117	491,659	498,291	505,026

		36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55
INCOME																					
Gross Residential Income	3.0%	258,156	265,901	273,878	282,094	290,557	299,274	308,252	317,500	327,025	336,835	346,941	357,349	368,069	379,111	390,485	402,199	414,265	426,693	439,494	452,679
Laundry	2.0%	998	1,018	1,038	1,059	1,080	1,102	1,124	1,146	1,169	1,193	1,217	1,241	1,266	1,291	1,317	1,343	1,370	1,398	1,426	1,454
Vacancy Loss	2.0%	(5,163)	(5,318)	(5,478)	(5,642)	(5,811)	(5,985)	(6,165)	(6,350)	(6,540)	(6,737)	(6,939)	(7,147)	(7,361)	(7,582)	(7,810)	(8,044)	(8,285)	(8,534)	(8,790)	(9,054)
TOTAL EFF. GROSS INCOME		$253,991	$261,601	$269,439	$277,512	$285,826	$294,390	$303,211	$312,296	$321,654	$331,292	$341,218	$351,443	$361,974	$372,820	$383,992	$395,498	$407,350	$419,557	$432,130	$445,079
EXPENSES																					
Operating Expenses	3.5%	(228,123)	(235,537)	(243,192)	(251,095)	(259,256)	(267,682)	(276,381)	(285,364)	(294,638)	(304,214)	(314,101)	(324,309)	(334,849)	(345,732)	(356,968)	(368,569)	(380,548)	(392,916)	(405,686)	(418,870)
Replacement Reserve		(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
TOTAL EXPENSES		($234,123)	($241,537)	($249,192)	($257,095)	($265,256)	($273,682)	($282,381)	($291,364)	($300,638)	($310,214)	($320,101)	($330,309)	($340,849)	($351,732)	($362,968)	($374,569)	($386,548)	($398,916)	($411,686)	($424,870)
NET OPERATING INCOME		**$19,869**	**$20,064**	**$20,247**	**$20,416**	**$20,571**	**$20,709**	**$20,830**	**$20,932**	**$21,016**	**$21,078**	**$21,118**	**$21,134**	**$21,125**	**$21,088**	**$21,024**	**$20,929**	**$20,802**	**$20,641**	**$20,444**	**$20,209**
Debt Service 1st Loan (CHFA):		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investor Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residual Receipts Available		$19,869	$20,064	$20,247	$20,416	$20,571	$20,709	$20,830	$20,932	$21,016	$21,078	$21,118	$21,134	$21,125	$21,088	$21,024	$20,929	$20,802	$20,641	$20,444	$20,209
Cash Flow	*25.0%*	*4,967*	*5,016*	*5,062*	*5,104*	*5,143*	*5,177*	*5,207*	*5,233*	*5,254*	*5,269*	*5,279*	*5,283*	*5,281*	*5,272*	*5,256*	*5,232*	*5,201*	*5,160*	*5,111*	*5,052*
RR-Debt Service	75.0%	14,901	15,048	15,185	15,312	15,428	15,532	15,622	15,699	15,762	15,808	15,838	15,850	15,843	15,816	15,768	15,697	15,602	15,481	15,333	15,157
BALANCES																					
Replacement Resrv Balance		256,363	262,363	268,363	274,363	280,363	286,363	292,363	298,363	304,363	310,363	316,363	322,363	328,363	334,363	340,363	346,363	352,363	358,363	364,363	370,363
LOAN BALANCE																					
LP loans (RR)	34.0%																				
4th Trust Deed		(5,067)	(4,815)	(4,859)	(4,900)	(4,937)	(4,970)	(4,999)	(5,024)	(5,044)	(5,059)	(5,068)	(5,072)	(5,070)	(5,061)	(5,046)	(5,023)	(4,992)	(4,954)	(4,907)	(4,850)
Interest	3.0%	15,537	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
Outstanding Principal	517,914	528,385	532,870	537,310	541,710	546,073	550,403	554,704	558,980	563,237	567,478	571,710	575,938	580,168	584,406	588,661	592,938	597,245	601,591	605,985	610,435
CDC/ LP (new-RR)	33.0%																				
3rd Trust Deed		(4,917)	(5,116)	(5,163)	(5,206)	(5,245)	(5,281)	(5,312)	(5,338)	(5,359)	(5,375)	(5,385)	(5,389)	(5,387)	(5,378)	(5,361)	(5,337)	(5,305)	(5,263)	(5,213)	(5,153)
Interest	5.0%	46,528	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191
Outstanding Principal	930,551	972,161	986,235	1,000,263	1,014,247	1,028,192	1,042,102	1,055,981	1,069,834	1,083,666	1,097,482	1,111,287	1,125,089	1,138,893	1,152,706	1,166,535	1,180,389	1,194,275	1,208,202	1,222,180	1,236,217
CDC/ HDC (RR)	33.0%																				
2nd Trust Deed		(4,917)	(5,116)	(5,163)	(5,206)	(5,245)	(5,281)	(5,312)	(5,338)	(5,359)	(5,375)	(5,385)	(5,389)	(5,387)	(5,378)	(5,361)	(5,337)	(5,305)	(5,263)	(5,213)	(5,153)
Interest	3.0%	20,645	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899
Outstanding Principal	688,166	703,894	710,676	717,412	724,105	730,759	737,377	743,964	750,526	757,066	763,590	770,104	776,614	783,126	789,648	796,186	802,748	809,342	815,978	822,664	829,409

16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
172,519	175,969	179,489	183,078	186,740	190,475	194,284	198,170	202,133	206,176	210,299	214,505	218,796	223,171	227,635	232,188	236,831	241,568	246,399	251,327
673	686	700	714	728	743	758	773	788	804	820	837	853	871	888	906	924	942	961	980
(3,450)	(3,519)	(3,590)	(3,662)	(3,735)	(3,809)	(3,886)	(3,963)	(4,043)	(4,124)	(4,206)	(4,290)	(4,376)	(4,463)	(4,553)	(4,644)	(4,737)	(4,831)	(4,928)	(5,027)
$169,741	$173,136	$176,599	$180,131	$183,733	$187,408	$191,156	$194,979	$198,879	$202,857	$206,914	$211,052	$215,273	$219,579	$223,970	$228,450	$233,018	$237,679	$242,432	$247,281
(120,328)	(124,239)	(128,277)	(132,446)	(136,750)	(141,194)	(145,783)	(150,521)	(155,413)	(160,464)	(165,679)	(171,064)	(176,623)	(182,364)	(188,290)	(194,410)	(200,728)	(207,252)	(213,987)	(220,942)
(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)	(6,600)
($126,928)	($130,839)	($134,877)	($139,046)	($143,350)	($147,794)	($152,383)	($157,121)	($162,013)	($167,064)	($172,279)	($177,664)	($183,223)	($188,964)	($194,890)	($201,010)	($207,328)	($213,852)	($220,587)	($227,542)
$42,813	**$42,297**	**$41,722**	**$41,085**	**$40,383**	**$39,614**	**$38,773**	**$37,858**	**$36,866**	**$35,793**	**$34,635**	**$33,388**	**$32,050**	**$30,615**	**$29,080**	**$27,440**	**$25,690**	**$23,827**	**$21,845**	**$19,739**
(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$19,791	$19,275	$18,700	$18,063	$17,361	$16,591	$15,751	$14,836	$13,843	$12,770	$11,612	$10,366	$9,027	$7,592	$6,057	$4,417	$2,668	$805	($1,178)	($3,283)
4,948	*4,819*	*4,675*	*4,516*	*4,340*	*4,148*	*3,938*	*3,709*	*3,461*	*3,193*	*2,903*	*2,591*	*2,257*	*1,898*	*1,514*	*1,104*	*667*	*201*	*(294)*	*(821)*
14,843	14,456	14,025	13,547	13,021	12,443	11,813	11,127	10,383	9,578	8,709	7,774	6,770	5,694	4,543	3,313	2,001	603	(883)	(2,463)
157,963	164,563	171,163	177,763	184,363	190,963	197,563	204,163	210,763	217,363	223,963	230,563	237,163	243,763	250,363	256,963	263,563	270,163	276,763	283,363
(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)	(23,023)
(10,595)	(11,019)	(11,460)	(11,918)	(12,395)	(12,890)	(13,406)	(13,942)	(14,500)	(15,080)	(15,683)	(16,311)	(16,963)	(17,642)	(18,347)	(19,081)	(19,844)	(20,638)	(21,464)	(22,322)
$304,905	$293,886	$282,427	$270,509	$258,114	$245,223	$231,817	$217,875	$203,375	$188,295	$172,612	$156,301	$139,338	$121,696	$103,349	$84,268	$64,424	$43,786	$22,322	$0
(4,750)	(4,626)	(4,488)	(4,335)	(4,167)	(3,982)	(3,780)	(3,561)	(3,322)	(3,065)	(2,787)	(2,488)	(2,167)	(1,822)	(1,454)	(1,060)	(640)	(193)	283	788
9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
388,079	392,754	397,566	402,531	407,664	412,982	418,502	424,241	430,219	436,454	442,967	449,779	456,913	464,391	472,237	480,477	489,136	498,243	507,826	517,914
(5,047)	(4,915)	(4,768)	(4,606)	(4,427)	(4,231)	(4,016)	(3,783)	(3,530)	(3,256)	(2,961)	(2,643)	(2,302)	(1,936)	(1,545)	(1,126)	(680)	(205)	300	837
19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191	19,191
615,723	629,998	644,421	659,005	673,769	688,729	703,903	719,311	734,971	750,905	767,135	783,682	800,571	817,826	835,472	853,536	872,046	891,032	910,523	930,551
(5,047)	(4,915)	(4,768)	(4,606)	(4,427)	(4,231)	(4,016)	(3,783)	(3,530)	(3,256)	(2,961)	(2,643)	(2,302)	(1,936)	(1,545)	(1,126)	(680)	(205)	300	837
11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899	11,899
511,879	518,863	525,993	533,286	540,758	548,427	556,309	564,425	572,794	581,437	590,375	599,631	609,228	619,191	629,545	640,318	651,537	663,230	675,430	688,166

EXHIBIT "I" TO HOME LOAN AGREEMENT

HOME PROGRAM REQUIREMENTS

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.

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 HOME LOAN AGREEMENT

BORROWER'S LOBBYIST CERTIFICATIONS

FEDERAL LOBBYIST REQUIREMENTS
CERTIFICATION

Name of Firm: _____

Address: _____

State: _____ 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

_____ By: _____

(Contractor/Subcontractor) (Signature)

_____ _____

(Date) (Title)

EXHIBIT "K" TO HOME LOAN AGREEMENT

COMMISSION REQUIREMENTS

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 K 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 "L" TO HOME LOAN AGREEMENT

SAFELY SURRENDERED BABY LAW FACT SHEET

No shame.
No blame.
No names.

Newborns can be safely given up at any Los Angeles County hospital emergency room or fire station.

In Los Angeles County:
1-877-BABY SAFE
1-877-222-9723
www.babysafela.org

State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director

Los Angeles County Board of Supervisors
Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena.
Sin culpa.
Sin peligro.

Los recién nacidos pueden ser entregados en forma segura en la sala de emergencia de cualquier hospital o en un cuartel de bomberos del Condado de Los Angeles.

En el Condado de Los Angeles:
1-877-BABY SAFE
1-877-222-9723
www.babysafela.org

Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Rita Saenz, Directora

Consejo de Supervisores del Condado de Los Angeles
Gloria Molina, Supervisora, Primer Distrito
Yvonne Brathwaite Burke, Supervisora, Segundo Distrito
Zev Yaroslavsky, Supervisor, Tercer Distrito
Don Knabe, Supervisor, Cuarto Distrito
Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.