



## COMMUNITY DEVELOPMENT COMMISSION

### County of Los Angeles

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**Carlos Jackson**

Executive Director

March 30, 2004

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

Dear Commissioners:

**TERMINATE TWO LEASES WITH COMMUNITY ENHANCEMENT CORPORATION  
AND APPROVE TWO NEW LEASES WITH UNITED FRIENDS OF THE CHILDREN  
FOR EMANCIPATED FOSTER YOUTH HOUSING DEVELOPMENTS (1, 4)  
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the leasing of two rental housing developments for emancipated foster youth, identified as the five-unit Westchester House, located at 7061 Manchester Boulevard in the City of Los Angeles, and the nine-unit Margarita Mendez Apartments, located at 200-206 South Mednik Avenue in unincorporated East Los Angeles, is exempt from the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), as described herein, because the leasing will not have the potential for causing a significant effect on the environment, and involves no expansion of the current use.
2. Authorize the Executive Director to terminate two 55-year Lease Agreements for the subject properties, between the Commission and the Community Enhancement Corporation (CEC), a non-profit housing developer, effective upon Board approval, due to CEC's failure to comply with the required property and liability insurance requirements of the Lease Agreements.

3. Authorize the Executive Director to enter into two new 55-year Lease Agreements, presented in substantially final form, for the subject properties, each for \$1.00 per year, with United Friends of the Children (UFC), a non-profit housing provider, to be effective following approval as to form by County Counsel and execution by all parties; and authorize the Executive Director to administer the Lease Agreements, including executing all duties and responsibilities as landlord, on behalf of the Commission, pursuant to the terms of the Lease Agreements.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of this action is to terminate for default two leases with CEC, and to approve new Lease Agreements with UFC, which will contain the same terms and conditions as the defaulted leases, for the operation of two emancipated foster youth rental housing developments.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. Each 55-year Lease Agreement will be for the amount of \$1.00 per year, payable in a lump sum at the time of signing.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

Since 1994, the Commission has partnered with the Department of Children and Family Services (DCFS), the U. S. Department of Housing and Urban Development (HUD), the Los Angeles Homeless Services Authority (LAHSA), UFC, and other private non-profit housing and service provider organizations in the Bridges to Independence Program, an emancipated foster youth collaborative. As a result of this collaboration, eight rental housing developments providing housing for 95 emancipated foster youth have been created, including Westchester House and Margarita Mendez Apartments. With the exception of Westchester House and Margarita Mendez Apartments, all of the developments have been leased to UFC under separate 55-year lease agreements.

On March 15, 1994 and July 1, 1994, the Commission and CEC entered into two 55-year Lease Agreements, in the amount of \$1.00 each per year, for operation of the subject properties. Under the terms of the leases, CEC was required to obtain and maintain liability and property insurance.

On July 20, 2002, the first Notice of Cancellation for non-payment of the insurance was issued by the CEC's carrier, Nonprofit Insurance Alliance of California, followed by a Notice of Default from the Commission on July 29, 2002. On March 14, 2003, a second Notice of Cancellation was issued, again followed by a Notice of Default from the Commission on March 18, 2003. These defaults were later cured by CEC.

On August 19, 2003, the Commission received a third Notice of Cancellation of property and liability insurance for the two properties. The Commission requested that CEC provide proof of property liability insurance within 72 hours. The required proof of

insurance was not provided. On September 15, 2003, in order to ensure appropriate insurance coverage, the Commission temporarily placed both properties under its own umbrella insurance policy.

On October 15, 2003, the Commission issued a third Notice of Default to CEC. The period allowed to cure the default ended on November 15, 2003, with no proof of coverage submitted by CEC.

Following the third Notice of Cancellation, the Commission has attempted to assist CEC in identifying sources for insurance coverage, in order to avoid default and eventual termination of the leases. These attempts failed, and on November 26, 2003, CEC was notified in writing of the Commission's intent to terminate the leases. Although CEC has cooperated with the Commission in inspecting both the premises in preparation for new management, CEC remains in default due to its failure to maintain the required coverage.

UFC is an experienced non-profit housing and service provider with a proven track record as an equal partner in the Bridges to Independence Program, and as a provider of excellent property management services for the Commission's other emancipated foster youth developments. It has also displayed its commitment by providing over \$10,000,000 in private foundation funds to the Bridges to Independence Program. In addition, UFC has experience with HUD requirements and regulations, making it uniquely qualified to assume operation of both Westchester House and the Margarita Mendez Apartments.

Following Board approval, CEC will be notified of the lease terminations. CEC will have 30 days to vacate the two premises and remove its property. The Commission will assume property management responsibilities until UFC assumes its duties as lessee and operator. Under the terms of the new Lease Agreements, UFC will use the property only for the housing of low-income emancipated foster youth. Any other use, without the consent of the Commission, would be a default under the Lease Agreements.

Tenants will continue to be referred by DCFS and the Department of Probation, and rental subsidies for both sites will continue to be provided through grants received by DCFS under HUD's Supportive Housing Program. Supportive services, including assistance in developing life skills, job placement, and child care referrals, will be provided through the Bridges to Independence Program.

Both Lease Agreements will be effective following approval as to form by County Counsel and execution by all parties.

**ENVIRONMENTAL DOCUMENTATION:**

The Lease Agreements are exempt from the provisions of NEPA pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve activities that will not have a physical impact or result in any physical changes to the environment. They are also exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15301, because they involve no expansion of use beyond what currently exists and, pursuant to State CEQA Guidelines 15061 (b)(3), do not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT PROGRAM:**

The lease terminations and new Lease Agreements will enable the Commission and County to continue to provide emancipated foster youth with decent and safe housing and supportive services.

Respectfully submitted,

CARLOS JACKSON  
Executive Director

Attachments: 2

LEASE

7601 Manchester Avenue, Westchester area, City of Los  
Angeles, Los Angeles County

Dated as of, \_\_\_\_\_ 2004

by and between

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

as Lessor,

and

UNITED FRIENDS OF THE CHILDREN  
A California non-profit corporation

as Lessee

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| Exhibit "C" | Maintenance Agreement          |
| Exhibit "D" | Federal Lobbyist Certification |

LEASE

This Lease ("Lease") is made and entered into this \_\_\_\_ day of, \_\_\_\_\_ 2004 (the "Lease Date") by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic ("Lessor"), and United Friends of the Children, a California non-profit corporation, ("Lessee"). The Lessor and the Lessee are the Parties to this Agreement.

RECITALS

A. Lessor is the owner of certain real property (including all easements relating thereto) located at 7601 Manchester Avenue in the Westchester area of the City of Los Angeles, County of Los Angeles, State of California, more fully described on Exhibit A attached hereto and incorporated herein by reference (the "Premises").

B. Lessee desires to Lease the Premises from Lessor, and Lessor desires to Lease the Premises to Lessee in accordance with the terms and conditions of this Lease set forth hereinbelow.

NOW THEREFORE, the Parties agree as follows:

1. DEFINITIONS.

1.1 General Definitions.

As used in this Lease, the following words and phrases shall have the following meanings:

(a) Alterations - any change to, or modification of the Improvements made by Lessee pursuant to Section 10.1 below.

(b) Authorized Representative - any officer, agent, employee, or independent contractor retained or employed by either Party, acting within authority given him by that Party.

(c) Capital Expenditure - customary and necessary capital expenditures (as determined in accordance with generally accepted accounting principles) made by Lessee for Alterations with respect to the Premises.

(d) Damage - injury, deterioration, or loss to a Person or property caused by an Act of God or another Person's acts or omissions. Damage includes death; Damage does not include normal wear and tear.

(e) Destruction - any substantial Damage to the Premises or the Improvements.

(f) Encumbrance - any deed of trust, mortgage, or other written security device or agreement encumbering either the Leasehold or the fee interest in the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.

(g) Expiration - the coming to an end of the time specified in this Lease as its duration.

(h) Improvements - any structures or other permanent

improvements to be rehabilitated on the Premises, which structures or permanent improvements shall be rehabilitated in accordance with plans and specifications approved by Lessor, in its sole discretion.

(i) Law - any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the Parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).

(j) Person - one or more human beings, or legal entities or other artificial persons, including, without limitation, partnerships, corporations, trusts, estates, joint ventures, associations, and any combination of human beings and legal entities.

(k) Provision - any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in this Lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either Party.

(l) Rent - rent and any other charges payable by Lessee to Lessor under the Provisions of this Lease.

(m) Successor - assignee, transferee, personal representative, heir, or other Person succeeding lawfully, and

pursuant to the Provisions of this Lease, to the rights or obligations of either Party.

(n) Termination - the ending of the Term for any reason before Expiration.

1.2 Other Definitions.

The following additional terms are defined in the following sections of this Lease:

|                            |         |
|----------------------------|---------|
| (a) Term                   | 3.0     |
| (b) Rent                   | 4.1     |
| (c) Rent Commencement Date | 4.1     |
| (d) Other Expenses         | 4.3     |
| (e) Taxes                  | 5.1     |
| (f) Award                  | 13.1(a) |
| (g) Condemner              | 13.1(c) |
| (h) Date of Taking         | 13.1(d) |
| (i) Minor Taking           | 13.1(e) |

2. PREMISES.

2.1 Conveyance of Improvements.

Upon the Expiration of the term of this Lease or upon earlier Termination of the term pursuant to the provisions of this Lease, Lessee shall convey to Lessor all of its interest in the Premises and Improvements, by means of a grant deed or such other instruments as Lessor may reasonably require.

2.2 Lease of Premises.

For and in consideration of the payment of Rent and the performance of all the terms, covenants and conditions of this

Lease by Lessee, Lessor hereby Leases the Premises to Lessee, free of other tenancies or rights of possession and subject only to the permitted exceptions set forth in that certain preliminary title report attached hereto as Exhibit B, issued by \_\_\_\_\_ Title Company, Order No. \_\_\_\_\_, and Lessee hereby takes and hires the Premises from Lessor.

3. LEASE TERM.

The initial term ("Term") of this Lease shall commence on the Lease Date and extend for a term of 55 years.

3.1 Termination.

This Lease may be terminated by Lessor or by Lessee with one hundred and eighty (180) days written notice, for any reason. In the event Lessor or Lessee exercises its right to terminate this Lease, Lessee shall reconvey Premises to Lessor in the same condition Premises were Leased to Lessee without any additional Encumbrances.

4. RENT.

4.1 Payment of Rent.

Lessee shall pay to Lessor, without deduction, setoff, prior notice or demand, at such place as Lessor may from time to time designate, the rent specified in Section 4.2 below (the "Rent"), commencing on the Rent Commencement Date. For purposes hereof, "Rent Commencement Date" shall mean the date the Lessee takes possession of the Premises. For any partial year during the Term, the Rent for such partial month shall not be prorated.

4.2 Rent During Term.

For the period beginning on the date of this Lease and terminating on the Rent Commencement Date, Lessee shall pay no Rent. For the period beginning on the Rent Commencement Date and continuing throughout the remainder of the Term, Lessee shall pay one dollar (\$1.00) per year, paid in advance on the Rent Commencement Date in one lump sum amount of \$55.00 to the Lessor.

4.3 Other Expenses.

In addition to the Rent as set forth in Section 4.2 hereinabove, Lessee shall pay or cause to be paid all insurance, operating and maintenance expenses associated with the Premises and the Improvements pursuant to the terms of this Lease, but specifically excluding all ad valorem property taxes and possessory interest taxes, assessed against or otherwise imposed with respect to, the Land, the Improvements or the Personal Property ("Other Expenses"). From and after the date hereof, Lessee shall pay or cause to be paid the Other Expenses on or before the date such Other Expenses are due, and under no circumstances shall Lessee be entitled to a credit or other waiver with respect to the Other Expenses.

5. TAXES.

5.1 Lessor to Pay Taxes.

Throughout the Term of this Lease, Lessor shall pay, except as otherwise provided in this Lease, all taxes, all ad valorem property taxes, possessory interest taxes, general or special assessments, levies and other charges levied on, assessed

against or otherwise imposed with respect to, the Land, the Improvements or the Personal Property, including, without limitation, any possessory interest taxes levied against Lessee with respect to its Leasehold interest created hereby, which may be levied upon or assessed against or become a lien in any manner upon the Premises, or any Improvements, or any Personal Property, or any part thereof, by or according to any law or governmental, legal, political or other authority whatsoever (collectively "Taxes").

5.2 Other Taxes.

Lessee shall not be required to pay any income, franchise, estate, inheritance, succession, capital levy or transfer tax assessed against Lessor or any Successor of Lessor, or any income, excess profits or revenue tax or any other similar tax, assessment, charge or levy upon the Rent or other income derived by Lessor or any Successor of Lessor under this Lease.

6. USE OF PREMISES.

6.1 Use.

Throughout the Term of this Lease, the Premises shall be used by Lessee for housing for low-income emancipated foster youth and directly related uses and Lessee agrees to maintain the character of the Premises as required by the Maintenance Agreement (Dated \_\_\_\_\_, 2004), incorporated herein as Exhibit C, so long as such document remains in effect. Lessee may use the Premises for any other public purpose with the prior written consent of Lessor, which consent shall not be

unreasonably withheld. Lessee shall not use or permit the use of the Premises in any manner which (i) creates a nuisance or (ii) violates any Law provided that if future law is enacted that requires significant changes to building structure or expenditures in excess of five thousand dollars (\$5,000) to comply, Lessee may terminate the Lease as provided in Section 3.1 above.

6.2 Affordability Restrictions.

Once available for occupancy, all units rehabilitated on the Premises shall be rented or held vacant and available for rental to very low-income emancipated foster youth, as defined herein, on a continuous basis and may not be converted to condominium, owner-occupied, or other non-rental use; and Lessee shall not discriminate on the basis of race, creed, color, sex, marital status, disability, or national origin in the lease, use, or occupancy of the units.

The very low-income units shall be affordable to eligible emancipated foster youth whose household incomes are below fifty percent (50%) of area median income (AMI) for the Los Angeles - Long Beach Metropolitan Statistical Area (MSA), adjusted for household size. Any rent paid by the occupants shall not exceed thirty percent (30%) of fifty percent (50%) of the AMI. During the 55-year term of this Lease, Lessee shall comply with HOME Program regulations Sections 92.203, 92.252, 92,253, and 92.256 regarding the occupants of the units.

6.3 No Discrimination.

The Lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that 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, religion, creed, color, national origin, ancestry, marital status, sex or sexual orientation in the leasing, subleasing, transferring, use or enjoyment of the land herein Leased nor shall the Lessee 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 lessee's lessees, sub-lessees, or vendees in the land herein Leased.

6.4 Occupancy Monitoring.

Lessee shall comply with the occupancy monitoring procedures established by the Lessor in compliance with the HOME Program pursuant to 24 CFR Sections 92.252 and 92.253. Lessee agrees to ensure that each emancipated foster youth's ("Youth") eligibility to occupy the Premises shall be based upon information that the youths provide to Lessee regarding their income and assets. The youths shall agree to provide updated information each year and all information they supply shall be subject to inspection by representatives of the Lessor or regulatory agencies. The youths shall agree that all such information they provide regarding household income and assets

shall be true, complete, and correct to the best of their knowledge. The youths shall agree that failure to provide such information, or providing false or misleading information, may result in the termination of their occupancy and eviction from the Premises.

7. IMPROVEMENTS.

7.1 Ownership and Removal of Improvements.

Lessee shall not remove any Improvements or Alterations from the Premises nor waste, destroy or modify any Improvements or Alterations on the Premises, except as permitted by this Lease. Upon Expiration or Termination of the Term of this Lease, all Improvements and Alterations on the Premises shall, without compensation to Lessee, thereupon become Lessor's property. Upon any such Expiration or Termination, Lessee shall deliver to Lessor a grant deed to convey Lessee's interest in the Improvements and Alterations to Lessor.

7.2 Real Estate Covenant.

Lessor and Lessee covenant and agree that all Improvements shall at all times be, and remain, real property.

8. MAINTENANCE AND REPAIRS.

8.1 Duty to Maintain Premises.

Lessee shall, at its own cost and expense, cause the Premises (including the Improvements and Alterations) to be kept and maintained in good order, condition and repair throughout the Term of this Lease, in accordance with Exhibit C, the Maintenance

Agreement. Lessor shall not have any responsibility to maintain the Premises, except for extraordinary maintenance, as defined in the Maintenance Agreement. Lessee hereby waives the benefit of California Code Sections 1941 and 1942 and any other Law that would otherwise afford Lessee the right to make repairs at Lessor's expense.

8.2 Condition of Premises and Improvements.

(a) Inspection.

(1) Initial Inspection. At least thirty (30) calendar days before the Rent Commencement Date, Lessor shall provide Lessee a copy of Lessor's internal Inspection Report regarding the condition of the Premises and the Improvements (the "Inspection Report").

(2) Lessee's Acceptance. Lessor shall convey to Lessee, the Premises and all Improvements in a condition acceptable to Lessee, at Lessee's reasonable discretion. Lessee shall notify Lessor whether or not the Premises or the Improvements are in an acceptable condition. If Lessee notifies Lessor that the Premises and Improvements are not in an acceptable condition, then the obligations of all parties under this Lease shall terminate, and neither party shall have any further obligation or liability to the other in connection with this Lease.

9. UTILITIES AND SERVICES.

Lessee shall pay for all water, sewage, gas, electricity, telephone, maintenance, janitorial, trash collection and any and

all other utilities and services supplied to the Premises.

10. ALTERATIONS; SIGNS.

10.1 Alterations.

Lessee shall have the right, throughout the Term of this Lease at any time and from time to time to make Capital Expenditures for the purposes of constructing Alterations, costing, in the aggregate, no more than \$5,000.00. Any Capital Expenditures for Alterations in excess of \$5,000.00 shall require the prior written consent of the Lessor, which consent may be withheld by Lessor in its sole discretion. All Alterations, whether or not Lessor's prior written consent is required, shall be made pursuant to the terms of this Section 10.1.

10.2 Conditions to Alterations.

Notwithstanding the Provisions of Section 10.1, with respect to any such Alterations, Lessee shall comply with the following requirements:

(a) If the Alterations require a building permit, on or before submission of preliminary construction plans and specifications to the appropriate governmental agencies for review, Lessee shall submit one set of such documents to Lessor for Lessor's review and approval, which approval may be withheld by Lessor in its sole and absolute discretion;

(b) If the Alterations require a building permit, on or before submission of final working plans and specifications to the appropriate governmental agencies for approval, Lessee shall deliver to Lessor one complete set for Lessor's

review and approval, which approval Lessor may withhold in its sole and absolute discretion;

(c) If the cost of the Alterations exceeds \$5,000.00, Lessee shall deliver to Lessor insurance certificates for any insurance pertaining to the construction which is required pursuant to Section 11 hereof.

(d) Once construction of the Alterations is begun, Lessee shall with reasonable diligence prosecute such construction to Completion.

### 10.3 Signs.

Subject to the approval of local and/or other governmental regulatory authorities and subject to Lessor's approval, Lessee shall have the right to place, affix and maintain signs upon the Premises and the Improvements. All such signs shall be installed and maintained in good condition and repair at Lessee's sole cost and expense.

## 11. INDEMNITY AND EXCULPATION; INSURANCE.

### 11.1 Exculpation of Lessor.

Lessor shall not be liable to Lessee for any damage to Lessee or Lessee's property from any cause except damages caused by the sole negligence of Lessor or its Authorized Representatives. Lessee waives all claims against Lessor for damage to Person or property arising for any reason other than the intentional acts or negligence of Lessor or its Authorized Representatives.

11.2 Indemnity.

(a) Lessee shall indemnify, hold harmless and defend Lessor against and from any loss, cost or expense of any sort or nature, and from any liability to any Person, on account of any damage to Person or property arising out of any failure of Lessee to perform and comply in any respect with any of the requirements and Provisions of this Lease or arising from Lessee's use, maintenance and operation of the Premises.

(b) Notwithstanding anything to the contrary contained in this Section, Lessee shall not be liable for any injury, loss or Damage of whatever kind if such injury, loss or Damage is the result of the sole negligence of Lessor or its Authorized Representatives.

11.3 Insurance.

Concurrent with the execution of this Lease and in partial performance of Lessee's obligations hereunder, Lessee shall procure and maintain, at its cost, during the term of this Lease and any extensions or renewals thereof, from an insurer admitted in California or having a minimum rating of or equivalent to A: VIII in Best's Insurance Guide:

(a) Comprehensive General Liability Insurance with a combined single limit of at least two million dollars (\$2,000,000). Lessor, its officials, employees, and agents shall be covered as additional insureds with respect to liability arising from activities performed by or on behalf of Lessee, or the maintenance, use or occupancy of the Premises. Said insurance shall be primary insurance with respect to Lessor and

shall contain a cross liability endorsement.

(b) "All Risk" property insurance, in an amount sufficient to cover the full replacement value of all insurable buildings, structural Improvements and Lessee's personal property on the Premises. Lessor shall be named as an insured under a standard loss payable endorsement.

(c) On or before the Rent Commencement Date, Lessee shall deliver to Lessor certificates of insurance with original endorsements evidencing the coverage required by this Lease. The certificates and endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. Lessor reserves the right to require complete certified copies of all policies at any time. Lessee further agrees that if Lessee fails to furnish evidence of insurance as provided in this Section, Lessor may obtain such insurance and the premium for such insurance shall be deemed additional rent to be paid by Lessee to Lessor upon demand.

(d) Said insurance shall contain an endorsement requiring thirty (30) days' prior written notice from insurers to Lessor before cancellation or change of coverage.

(e) Said insurance may provide for such deductibles or self-insured retention as may be acceptable to Lessor. In the event such insurance does provide for deductibles or self-insured retention, Lessee agrees that it will fully protect Lessor, its officials, and employees in the same manner as these interests would have been protected had the policy or policies not contained a deductible or retention provisions.

With respect to damage to property, Lessor and Lessee hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said Damage.

(f) Not more frequently than every five (5) years, if in the opinion of Lessor or of an insurance broker retained by Lessor, the amount of the foregoing insurance coverage is not adequate, Lessee shall increase the insurance coverage as required by Lessor.

(g) The procuring of said insurance shall not be construed as a limitation on Lessee's liability or as full performance on Lessee's part of the indemnification and hold harmless provisions of this Lease; and Lessee understands and agrees that, notwithstanding any insurance, Lessee's obligation to defend, indemnify and hold Lessor, its officials and employees harmless hereunder is for the full and total amount of any damage, injuries, loss, expense, costs or liabilities caused by the condition of the Premises or in any manner connected with or attributed to the acts or omissions of Lessee, its officers, agents, employees, sublessees, licensees, patrons or visitors, or the operations conducted by Lessee, or the Lessee's use, misuse or neglect of the Premises.

(h) Any modification or waiver of the insurance requirements herein shall only be made with the written approval of Lessor.

12. DESTRUCTION.

12.1 Duty to Restore.

In the event of any Destruction to the Premises or the Improvements by fire or other casualty, which renders the Premises partially or totally unleaseable, which damage or Destruction is insured against under any policy of fire and extended coverage insurance then covering the damaged Improvements, this Lease shall not terminate and said Improvements shall be rebuilt by Lessee with due diligence at Lessee's expense provided that insurance proceeds received by Lessee are adequate. Notwithstanding the foregoing, this Lease shall be subject to termination as provided in Section 12.2 below.

12.2 Election to Terminate.

In the event of any Damage or Destruction of the Premises or the Improvements by an uninsured casualty at any time during the Term or by a casualty (whether or not insured) during the last two (2) years of the Term, then either party may within not more than sixty days after such Damage, notify the other party of its election to terminate this Lease. If this Lease is not so terminated, then Lessee shall rebuild said Improvements with due diligence at Lessee's expense, unless Lessor is required to pay for such casualty, pursuant to Lessor's agreement to pay for extraordinary maintenance, as defined in the maintenance agreement. If this Lease is terminated by either party as aforesaid, this Lease shall terminate effective as of the date of such Damage or Destruction and any Rent paid by Lessee for the

period after such termination date shall be promptly refunded by Lessor. In the event neither party timely gives notice of its election to terminate this Lease as aforesaid, this Lease shall remain in full force and effect. Notwithstanding Lessor's election to terminate this Lease, Lessee shall have the right, within thirty (30) days after receipt of notice from Lessor terminating this Lease, to elect to repair the Damage to the Premises or Improvements at Lessee's expense by delivering written notice to Lessor, in which event this Lease shall remain in full force and effect and Lessee shall proceed to make such repairs as soon as reasonably possible.

13. CONDEMNATION.

13.1 Definitions.

(a) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial Condemnation.

(b) "Condemnation" means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemner and (2) a voluntary sale or transfer by Lessor to any Condemner, either under threat of Condemnation or while legal proceedings for Condemnation are pending.

(c) "Condemner" means any public or quasi- public authority, or private corporation or individual, having the power of Condemnation.

(d) "Date of Taking" means the date the Condemner has the right to possession of the property being condemned.

(e) "Minor Taking" means a Condemnation which does not cause a loss of building square footage or parking spaces at the Premises and which does not permanently and adversely impact or affect vehicular and pedestrian circulation, ingress, egress or visibility of or at the Premises.

13.2 Rights and Obligations.

If during the Term there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation, the rights and obligations of the Parties shall be determined pursuant to this Section 13. Each Party waives the provisions of Code of Civil Procedure 1265.130 allowing either Party to petition the superior court to Terminate this Lease in the event of a partial taking of the Premises.

13.3 Total Taking.

(a) If all or substantially all of the Premises shall be taken by Condemnation then, subject to the rights of Permitted Lenders, this Lease shall Terminate as of the Date of Taking. All Rent paid in advance and pertaining to the period beyond the Date of Taking shall be refunded to Lessee by Lessor. For purposes of this Section, "substantially all" of the Premises shall be deemed to have been taken if the Condemnation is more than a Minor Taking and if, in Lessee's reasonable discretion, the remaining property cannot be practicably used by Lessee for the purposes contemplated by this Lease.

(b) In the event of a taking of all or substantially all of the Premises, Lessee shall be entitled to that portion of the Award equal to the value of Improvements to the Premises paid

for by the Lessee, and pre-approved by the Lessor, and Lessor shall be entitled to receive the balance of any Award.

13.4 Intentionally Omitted.

13.5 Condemnation Proceedings.

Lessee shall not have the right to participate in any Condemnation proceedings concerning or affecting the Premises. In case of a taking of all or any part of the Premises or any interest in the Lease, or the commencement of any proceedings or negotiations which might result in such taking, any Party receiving information as to the same shall promptly give written notice thereof to the other.

14. HAZARDOUS MATERIALS.

(a) For purposes of this Lease, "Hazardous Materials" shall mean petroleum, asbestos, flammable explosives, radioactive materials, hazardous wastes, toxic substances and hazardous substances and related materials, including, without limitation, those materials identified in the applicable Sections of Title 22 of the California Administrative Code, Division 4, Chapter 30; the substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; and those substances defined as "hazardous wastes"

in Section 25117 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code; all as may be amended from time to time; and the regulations adopted in publications promulgated pursuant to said laws.

(b) If Lessee believes or has reasonable cause to believe that any release of a Hazardous Material has come to be located on or beneath the Premises that may present a health and safety risk or reach an "action level" under laws and regulations governing hazardous materials, then Lessee shall give written notice of any such discovery to Lessor pursuant to Section 25359.7(b) of the California Health and Safety Code. In addition, Lessee, at its sole cost, shall comply with all current and future laws, regulations and orders relating to Lessee's storage, use and disposal of Hazardous Materials. If Lessee does store, use or dispose of any Hazardous Materials other than such cleaning and other materials customarily used in the operation and maintenance of a multi-family residential building, Lessee shall notify Lessor in writing at least ten (10) days prior to the first appearance of such materials on or about the Premises and Lessee's failure to do so shall constitute a Default under this Lease. Lessee shall, in accordance with applicable law, not dispose of any Hazardous Materials at the Premises. Lessee shall be solely responsible for and shall defend, indemnify and hold Lessor and its commissioners, officers, employees, agents, contractors and the holder of any mortgage lien on all or a portion of the Premises, and any successor to Lessor's interest

in this Lease, their directors, officers, employees and agents (collectively, the "Lessor Group") harmless from and against all claims, costs, losses, expenses and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with the storage, use and disposal of Hazardous Materials by Lessee, its directors, officers, employees and agents (collectively, the "Lessee Group"). If the presence of Hazardous Materials on the Premises caused or permitted by the Lessee Group results in contamination greater than the levels established by any governmental agency having jurisdiction over such contamination, then Lessee shall promptly take any and all action ordered by such governmental agency to cleanup such contamination. If Lessee fails to proceed with the cleanup of any contamination or otherwise fails to comply with any laws, regulations or orders relating to Hazardous Materials, then Lessor, at its option, shall have the right to (i) declare Lessee in Default under this Lease, and/or (ii) take any and all action necessary to cleanup such contamination or otherwise comply with any laws, regulations or orders relating to Hazardous Materials.

Lessor shall have the right to (i) enter the Premises for the purpose of conducting any tests to determine the presence of Hazardous Materials at the Premises, (ii) enter the Premises for the purpose of taking any corrective action pursuant to the rights granted Lessor hereunder, and/or (iii) notify the appropriate governmental agencies of the existence of Hazardous Materials at the Premises; provided however, that if Lessor elects to enter the Premises hereunder, during such entry Lessor

shall not unreasonably interfere with Lessee's use of the Premises. Any costs incurred by Lessor in correcting or responding to the Hazardous Materials as set forth in this Lease shall be considered additional Rent under the Lease and be immediately due and payable. Any such amounts not paid by Lessee within thirty (30) days of demand therefore shall thereafter bear a fee payment of 15% of any unpaid portion of the costs incurred by Lessor. At any time prior to the expiration of the Lease Term, Lessee shall have the right to conduct appropriate tests of water and soil and to deliver to Lessor the results of such tests to demonstrate that no contamination in excess of legally permitted levels has occurred as a result of Lessee's use of the Premises. Lessee shall further be solely responsible for, and shall defend, indemnify and hold the Lessor Group harmless from and against any and all claims, costs, losses, expenses and liabilities, including attorneys' fees and costs, arising out of or in connection with any removal, cleanup, and restoration work required hereunder to return the Premises and any other property of whatever nature to their condition existing prior to the appearance of Hazardous Materials, to the extent that such Hazardous Materials are attributable to the Lessee Group.

15. WARRANTIES AND REPRESENTATIONS.

The Lessor makes the following warranties and representations regarding hazardous materials on the Premises.

The Lessor has had consultants conduct an Asbestos and Lead Paint Abatement study at said Premises. Lessor consultants have determined that the Premises are free of any and

all hazardous materials, including petroleum, asbestos, flammable explosives, radioactive materials, hazardous wastes, toxic substances and hazardous substances and related materials.

These warranties and representations are made solely for the benefit of Lessee and are not to be relied upon by any other parties.

16. ASSIGNMENT, SUBLETTING AND ENCUMBERING.

16.1 Assignment and Subletting.

(a) No assignment or transfer of this Lease by the Lessor shall be binding on the Lessee unless the assignee or transferee shall assume and agree to be bound by the terms of this Lease and until notice of assignment or transfer together with an executed copy of such transfer instrument or assignment is received by Lessee.

(b) Lessee may not assign, sublet or transfer any or all of its rights or privileges under this Lease unless Lessor first grants its written consent to such assignment, sublease or transfer, which consent will not be unreasonably withheld. Lessor hereby consents to Lessee's sublease to eligible emancipated foster youth. In the event Lessor grants its consent to such assignment, sublease or transfer, Lessee shall not be relieved of its obligations for the performance of all of the terms and conditions of this Lease including the payment of Rent, except as specifically set forth herein.

(c) Lessor may assign, sublet or transfer any or all of its rights or privileges under this Lease without the written

consent or approval of Lessee.

16.2 Encumbrance or Assignment as Security.

Lessee shall not have the right to encumber or assign its interest in this Lease to one or more encumbrances, in favor of any lender, including, without limitation, banks, savings and loans, and insurance companies.

17. DEFAULTS AND REMEDIES.

17.1 Defaults.

Each of the following shall be deemed a "Default" under this Lease:

(a) if, after written notice, Lessee shall fail to pay any installment of Rent or other sum due under this Lease when due and payable, and such failure continues for a period of more than ten (10) days;

(b) if Lessee shall fail to perform any event designated as a "Default" under this Lease, and/or any other Term, covenant or condition of this Lease, and such failure continues for more than thirty (30) days after written notice from Lessor (or if the default is of such character as reasonably to require more than thirty (30) days to cure, then if Lessee shall fail within thirty (30) days after written notice from Lessor to commence and pursue with due diligence the curing of such default, however, in any event Lessee will cure default in 90 days);

(c) if, due to insolvency, Lessee is unable to use the Premises for intended purposes for a period up to 180

days, then Lessor shall have right to terminate the Lease; or

(d) if a receiver, guardian, conservator, trustee or assignee, or any other or similar officer or Person shall be appointed to take charge of the Premises or all or substantially all of Lessee's other property, and such appointment is not vacated within one hundred and eighty (180) days thereafter.

#### 17.2 Remedies.

Upon occurrence of any Default, Lessor may, at its option and without any further demand or notice, do any of the following:

(a) Give Lessee written notice of Termination of this Lease and on the date specified in such notice Lessee's right to possession of the Premises shall cease and this Lease shall Terminate. Upon such Termination, Lessor may reenter the Premises, and, subject to the rights of sublessees, Lessor may eject all parties in possession of the Premises through legal process and repossess and enjoy the Premises, in which event Lessor shall be entitled to recover from Lessee, in accordance with California Civil Code Section 1951.2 or successor statute, or otherwise, the following:

(1) the worth at the time of award of the amount of any obligations of Lessee which has accrued or been earned at the time of Termination provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included;

(2) the worth at the time of award of the

amount by which the unpaid Rent and all additional and further charges under this Lease which would have been earned after Termination until the time of award exceeds the amount of loss of such rental or other charges that Lessee proves could have been reasonably avoided provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included ;

(3) the worth at the time of award of the amount by which the unpaid Rent and other charges for the balance of the Term of this Lease after the time of award exceeds the amount of loss of such rental and other charges that Lessee proves could be reasonably avoided provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included; and

(4) any and all other amounts necessary to compensate Lessor for all detriment, costs and expenses incurred by Lessor proximately caused by Lessee's default hereunder or which in the ordinary course of things would be likely to result therefrom provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included.

As used in clauses (1), (2) and (3) above, the "worth at the time of award" is computed by allowing interest at a rate equal to the maximum rate at the time of the award that a non-exempt lender is permitted to charge on loans for any use other than for personal, family or household purposes, under California Constitution Article XV, Section 1, as now in effect

or hereafter from time to time amended. No effort by Lessor to mitigate the damages caused by Lessee's default hereunder shall waive or result in the waiver of any right of Lessor to recover damages under this Section 17.2(a). The amount recoverable by Lessor pursuant to clause (4) above shall include, but is not limited to, any costs or expenses incurred by Lessor in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new Lessee, accomplishing any repairs or Alterations to the Premises for the purpose of such reletting, rectifying any damage thereto occasioned by the act or omission of Lessee or any other costs necessary or appropriate to relet the Premises.

(b) Without Terminating this Lease or Lessee's right to possession of the Premises or otherwise relieving Lessee of any obligation hereunder, Lessor may reenter the Premises, do all things necessary to preserve, maintain and repair the same, make efforts it may deem desirable to relet the Premises, obtain at its option the appointment of a receiver to protect its interests under this Lease and continue to enforce all of its rights and remedies under this Lease.

(c) Lessor may at Lessor's election use Lessee's personal property and trade fixtures located on, about or appurtenant to the Premises without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

(d) Lessee assigns to Lessor all subrents and other sums falling due from sublessees, licensees, and concessionaires during any period in which Lessor has the right under this Lease, whether exercised or not, to reenter the Premises for Lessee's Default, and Lessee shall not have any right to such sums during that period, and any such sums received by Lessee shall be for the benefit of the Lessor. This assignment is subject and subordinate to any and all assignments of the same subrents to the Permitted Lenders under any Permitted Encumbrances. Lessor may, at Lessor's election, reenter the Premises with process of law, without Terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. Lessor shall receive and collect all subrents and proceeds from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of Lessor in recovering possession, placing the Premises in good condition, and preparing or altering the Premises for reletting; second, to the reasonable expense of securing new sublessees; third, to the fulfillment of Lessee's obligations to the end of the Term; and fourth, to the persons legally entitled thereto. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses, less the proceeds of the sums assigned and actually collected under this Provision.

### 17.3 Cumulative Nature of Remedies.

The foregoing rights of Lessor pursuant to Section 17.2 shall be cumulative to all other rights or remedies now or hereafter given to Lessor by Law or in equity or by the Terms of this Lease.

### 17.4 Lessor's Right to Cure Breach.

Except (i) as set forth in Section 14, and (ii) in the event of an emergency which threatens life or material damage to property, at any time and without notice to Lessee or any other party, Lessor may, but is not obligated to, cure any of Lessee's failures to perform any covenant or Provision of this Lease at Lessee's cost. If Lessor, by reason of such failure by Lessee, pays any sum or does any act in accordance with this Section 17.4, the sum paid by Lessor plus the reasonable cost of performing such act shall be due as additional Rent within ten (10) days after written demand therefor by Lessor to Lessee. No such payment or act shall constitute a cure or waiver of the breach or a waiver of any remedy for Default or render Lessor liable for any loss or damage resulting from any such act.

### 17.5 Lessor's Default.

Lessor shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Lessee to Lessor specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required

for its performance then Lessor shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently and in good faith prosecute the cure to completion.

18. SURRENDER AND LESSOR'S ENTRY.

18.1 Surrender.

(a) Good Order and Repair. Upon the Expiration or sooner Termination of this Lease, Lessee shall surrender the Premises to Lessor in good order, condition and repair, ordinary wear and tear, ordinary depreciation and obsolescence excepted. Lessee's Lessees, sublessees, and licensees space in the Premises shall have the right to remove their trade fixtures, furniture, furnishings and equipment from the Premises prior to the Expiration date or within thirty (30) days after the date of Termination provided they repair any damage to the Premises caused by said removal.

(b) Voluntary Surrender. Lessee may surrender the Premises to Lessor upon one hundred and eighty (180) days prior written notice at any time during the Term of this Lease. In such event, Lessee shall be relieved of any and all obligations arising on or subsequent to the date the Lease is so surrendered to Lessor, provided, however that Lessee shall remain obligated on all obligations that arise prior to the date of such surrender.

18.2 Lessor's Entry on Premises.

Lessor and its Authorized Representatives shall have

the right to enter the Premises during normal business hours upon reasonable prior notice to Lessee for any of the following purposes:

(a) To determine whether the Premises are in good condition and whether Lessee is complying with its obligations under this Lease;

(b) To do any necessary maintenance and to make any restoration to the Premises that Lessor has the right to perform;

(c) To serve, post, or keep posted any notices required or allowed under the Provisions of this Lease or pursuant to Law;

(d) To show the Premises to prospective brokers, agents, buyers, lenders, or Persons interested in a sale or exchange, at any time during the Term.

Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Lessor's entry on the Premises as provided in this Section 18.2, except damage resulting from the negligent acts or negligent omissions of Lessor or its Authorized Representatives.

Lessee shall not be entitled to an abatement or reduction of Rent if Lessor exercises any rights reserved in this Section 18.2.

Lessor shall conduct its activities on the Premises as allowed in this Section 18.2 in a reasonable manner that will minimize any inconvenience, annoyance, or disturbance

to Lessee and Lessee's sublessees.

19. NOTICES.

All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations under this Lease made or given by either Party to the other shall be personally delivered or sent by reputable overnight courier or United States certified mail, return receipt requested, postage prepaid, and shall be deemed received upon delivery if personally served, one day after deposit with an overnight courier, or three days after deposit in the United States mails, if sent certified mail, return receipt requested, postage prepaid. Such notices shall be addressed as follows:

If to Lessor: Carlos Jackson, Executive Director  
Community Development Commission  
of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755

Telephone: (323) 890-7400  
Fax: (323) 890-8584

If to Lessee: Polly Williams, President  
United Friends of the Children  
1055 Wilshire Blvd., Suite 1955  
Los Angeles, CA 90017

Telephone: (213) 580-1840  
Fax: (213) 582-1841

with a copy to:

Mr. Mitchell Evall  
Weissman, Wolff, Bergman, Coleman, and  
Silverman  
9665 Wilshire Blvd., Suite 900  
Beverly Hills, CA 90212

Telephone: (310) 858-7888  
Fax: (310) 550-7191

or to such other place or places as Lessor and Lessee may designate by written notice similarly delivered.

## 20. QUIET POSSESSION.

Lessee, upon paying the Rent herein provided and performing all of the other obligations of this Lease on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the Premises during the Term hereof, as the same may be extended, without hindrance or molestation by Lessor, subject to all of the Provisions of this Lease.

## 21. GENERAL PROVISIONS.

### 21.1 Waiver.

The waiver by Lessor or Lessee of any breach by the other Party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of Rent hereunder by the Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, other than the failure to pay the particular Rents so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Rent.

### 21.3 Estoppel Certificates.

At any time and from time to time, within thirty (30) days after notice of request by either Party or any Permitted Lender, the Party so requested shall execute, acknowledge, and deliver to the requesting Party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement and acknowledging that there are no uncured Defaults or failures to perform any covenant or Provision of this Lease on the part of the other Party hereto or specifying any such Defaults or failures which are claimed to exist. The statement shall also state the dates to which the Rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, banker, and investment banker of either Party and by any prospective purchaser or mortgagee of

the Premises or all or any part or parts of Lessee's or Lessor's interests under this Lease.

21.4 Entire Agreement; Modification.

Except for any other agreements executed contemporaneously herewith, this Lease contains the entire agreement between the Parties. No verbal agreement or implied covenant unless included in such a contemporaneous agreement shall be held to vary the Provisions hereof, any statements, Law or custom to the contrary notwithstanding. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either Party. Each Party has relied on its own inspection of the Premises and examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in this Lease itself. The failure or refusal of either Party to inspect the Premises, to read this Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice.

No Provision of this Lease may be amended or varied except by an agreement in writing signed by the Parties.

21.5 Recording.

At Lessee's request, Lessor and Lessee shall enter into a short form memorandum of this Lease, in suitable form for recording, which shall be recorded at Lessee's expense upon commencement of the Term.

21.6 Governing Law.

The Lease shall be governed by and interpreted under the laws of the State of California.

21.7 Successors.

The covenants, conditions and agreements of this Lease shall be binding upon and shall inure to the benefit of the heirs, representatives, successors and assigns of the Parties hereto.

21.8 Severability.

If the Provisions of this Lease shall for any reason be held to be invalid, illegal or unenforceable by any court of competent jurisdiction, the validity of the other Provisions of this Lease shall in no way be affected thereby, and this Lease shall be construed as though such invalid, illegal or unenforceable Provisions had never been contained herein, provided that such construction does not materially alter the rights or obligations of either Party hereunder.

21.9 Singular and Plural; Gender.

Whenever the singular number is used in this Lease and the context requires, the same shall include the plural. Further, when used in this Lease and the context requires, the neuter gender shall include the feminine and masculine, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, and each shall include any reference to a corporation, partnership, trust, or other legal entity.

21.10 Right to Audit

The Commission, the United States Department of Housing and Urban Development (HUD), the United States General Accounting Office, or any of their duly authorized representatives shall have access to any books, documents, papers and records of the Lessee and/or its subcontractors which are directly pertinent to the services being provided hereunder for the purpose of making an audit, an examination, excerpts and transcriptions. Lessee shall provide access to such books, documents, papers, and records upon 72 hours written notice. All books, records and supporting detail shall be retained for a period of five years after the expiration of the term of this Agreement or for any longer period of time as required by law.

21.11 Time.

Time is of the essence of this Lease. To the extent any approvals are required of Lessor under this Lease, such approvals or disapprovals shall be given within sixty (60) days of receipt by Lessor of a request by Lessee for an approval of Lessor, unless the time frame for said approval is specified in this Lease.

21.12 Captions.

The captions of the sections of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

21.13 Brokers.

Each Party warrants to and for the benefit of the other that it has had no dealings with any real estate broker or other agent (attorneys excepted) in connection with the

negotiation or making of this Lease.

21.14 Joint and Several Obligations.

"Parties" shall mean Lessor or Lessee; and if more than one Person is Lessor or Lessee, the obligations imposed on those Parties shall be joint and several.

21.15 Non-Recourse.

Notwithstanding any other provision or section of this Agreement, no recourse shall be had by Lessor to Lessee's directors, officers, employees, agents and attorneys for any obligation, including, but not limited to any indemnity obligations, of Lessee hereunder, except for any event of willful misconduct.

21.16 Force Majeure.

Except as provided below, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, extraordinary governmental restrictions, regulations or controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the control of the Party obligated to perform any term, covenant or condition of this Lease, shall excuse the performance by such Party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to Rent or Lessor's financial obligations pursuant to this Lease, unless abatement is expressly provided for in those instances under this Lease.

Either Party encountering such force majeure delays shall send written notice thereof to the other Party no

later than ten (10) days after the commencement of such force majeure delay. If the Party encountering such force majeure delay fails to send notice thereof to the other Party within ten (10) days after the commencement of such delay, then any alleged delay occurring more than ten (10) days prior to the date of such notice shall not be deemed to extend any time for performance set forth herein.

21.17 Conflict of Documents

To the extent of any inconsistency between this Lease and any other related agreements, the terms of this Lease shall prevail.

21.18 Compliance with Laws.

Lessee agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Lease, including, but not limited to, Section a-d below. This Lease is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the Code of Federal Regulations (CFR) Part 85.

a. Civil Rights Act of 1964. Title VI

Lessee shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, 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.

b. Section 109 of HUD Act of 1974

Lessee 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.

c. Section 3 of the Housing and Community Development Act of 1968, As Amended, 12 U.S.C. 1701 Et Seq.

Lessee shall comply with Section 3 of the Housing and Community Development Act of 1968, as amended 12 U.S.C. 1701 Et Seq. which requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

d. Federal Lobbyist Requirements.

The Lessee is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 Code of Federal Regulations (CFR) 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 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.

21.19 Conflict of Interest.

The Lessee represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Lease, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Commission. Upon execution of this Lease and during its term, as appropriate, the Lessee shall disclose in writing to the Commission any other contract or employment during the term of this Lease by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Commission's interest and the interest of the third parties.

21.20 Access and Retention of Records.

Lessee shall provide immediate 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 Lessee which are directly pertinent to the specific contract for the purpose of making audits, examinations, excerpts and transcriptions upon 72 hours notice. The Lessee is required to retain the aforementioned records for a period of five years after the Commission pays final payment and other pending matters are closed under this Lease.

21.21 Confidentiality of Reports.

Lessee 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 persons, firm, corporation or entity without the prior written consent of the Commission.

21.22 Safety Standards and Accident Prevention.

The Lessee shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Lessee shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Lease.

21.23 Drug-Free Workplace Act of the State of California.

Lessee certifies under penalty of perjury under the laws of the State of California that the Lessee will comply with the requirements of the Drug-Free Workplace Act of 1990.

21.24 Interpretation.

No provision of this Lease is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Lease is to be constructed as if it were drafted by both parties hereto.

21.25 Waiver.

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall be deemed to be a waiver of any breach of the same or any other provision hereof.

IN WITNESS WHEREOF, the Parties hereto have executed  
this Lease as of the date first above written.

LESSOR:

COMMUNITY DEVELOPMENT COMMISSION  
COUNTY OF LOS ANGELES

BY: \_\_\_\_\_  
CARLOS JACKSON,  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
Date

LESSEE:

UNITED FRIENDS OF  
THE CHILDREN

By: \_\_\_\_\_  
POLLY WILLIAMS,  
PRESIDENT

\_\_\_\_\_  
Date

APPROVED AS TO FORM:  
LLOYD W. PELLMAN  
COUNTY COUNSEL

BY: \_\_\_\_\_  
Deputy

EXHIBIT A  
TO  
LEASE

LEGAL DESCRIPTION

EXHIBIT B  
TO  
LEASE

PRELIMINARY TITLE REPORT

EXHIBIT C  
TO  
LEASE

MAINTENANCE AGREEMENT

MAINTENANCE AGREEMENT

THIS MAINTENANCE AGREEMENT ("Agreement") is hereby entered into by and between the United Friends of the Children, a California non-profit corporation ("Lessee") and THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Lessor"), as of the \_\_\_\_ day of \_\_\_\_\_, 2004.

R E C I T A L S

A. The Lessor and the Lessee have entered into a Lease Agreement ("Lease Agreement") on \_\_\_\_\_ 2004, for the leasing of a low-income housing development located on certain real property ("Site") located at 7601 Manchester Avenue in the city of Los Angeles which is more particularly described on Exhibit "A," attached hereto and made a part hereof. The Lease Agreement requires that Lessee shall maintain the Improvements to the curblineline and the landscaping on the Site in accordance with this Maintenance Agreement.

B. The Lessor and the Lessee desire to set forth herein their respective rights and obligations and the maintenance standards (including without limitation the definition of "Commission Standards") concerning the maintenance of all the Improvements, public and private, onsite and offsite in the public right-of-way to the back of the curblineline(s) abutting the boundary of the Site ("Improvements to the curblineline" hereafter).

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

I. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to set forth general maintenance standards and obligations of Lessee in its maintenance of the private and public Improvements on and within the Site to the back of the curblineline.

II. PARTIES TO THE AGREEMENT

The Community Development Commission of the County of Los Angeles is a public body corporate and politic of the State of California. The "Lessor" as used in this Agreement includes the Community Development Commission of the County of Los Angeles and any assignee of or successor to its rights, powers, and responsibilities. The "Lessee" as used in this Agreement is the United Friends of the Children, which is duly operating and doing business under the laws of the State of California.

III. REPRESENTATIVE OF THE PARTIES AND SERVICES OF NOTICES

The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

Lessor:           Taufiq K. "Syed" Rushdy, Director of Housing  
                  Development and Preservation  
                  Community Development Commission of  
                  the County of Los Angeles  
                  2 Coral Circle  
                  Monterey Park, CA 91755

Lessee:           Polly Williams, President  
                  The United Friends of the Children  
                  1055 Wilshire Blvd., Suite 1955  
                  Los Angeles, CA 90017

Formal notices, demands and communications to be given hereunder by any party shall be made in writing and may be effected by personal delivery, telecopy, overnight delivery service or by registered or certified mail, postage prepaid, return receipt requested. Notices which are properly mailed shall be deemed communicated as of 5:00 p.m. three (3) days after the date of mailing.

If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accordance with this section, within five (5) working days of said change.

IV. PERFORMANCE OF MAINTENANCE

A. Lessee shall maintain or cause to be maintained, for the term of the Lease Agreement, in accordance with Commission Standards, as hereinafter defined, the private Improvements, public Improvements and landscaping to the curblin(e)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 curblin(e)s abutting the Site.

B. To accomplish the maintenance, Lessee shall either staff or contract 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 Lessee and its maintenance staff, contractors or subcontractors:

1. Ordinary Maintenance Standards - The Lessee 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. The Lessee shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Attachment C-1 and incorporated herein by this reference.

2. Annual Inspection Standards - The Lessee shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Attachment C-2 and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Lessor on an annual basis, and at the end of each year the Lessee shall submit to the Lessor a declaration certifying that the annual inspection, as set forth in Attachment C-2, was performed at the Site. The Lessee shall retain records of the inspection and make them available for review by the Lessor at the request of the Lessor.

3. Preventative Maintenance Standards - The Lessee shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Attachment C-3 and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported to the Lessor on an annual basis, and at the end of each year the Lessee shall submit to the Lessor a declaration certifying that the preventative maintenance, as set forth in Attachment C-3, was performed at the Site. The Lessee shall retain records of the inspection and make them available for review by the Lessor at the request of the Lessor.

4. Extraordinary Maintenance - The Lessor shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, including extraordinary replacement of equipment, betterment, and additions, except to the extent that these result from or are necessitated by the negligence of or neglect of the Lessee. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time. 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, except to the extent that these result from or are necessitated by the negligence of or neglect of the Lessee.

D. The Lessor may enter and inspect the Premises at any time after notifying the Lessee 72 hours prior to the planned

inspection, and said notice shall be delivered to the Lessee at the address indicated in paragraph III above.

V. FAILURE TO MAINTAIN IMPROVEMENTS

In the event Lessee does not maintain the Site Improvements to the curblin(e) in the manner set forth herein and in accordance with Commission Standards, Lessor shall have the right to maintain such private and/or public Improvements, or to contract for the correction of such deficiencies, after written notice to Lessee. However, prior to taking any such action, Lessor agrees to notify Lessee in writing if the condition of said Improvements does not meet with Commission Standards and to specify the deficiencies and the actions required to be taken by Lessee to cure the deficiencies. Upon notification of any maintenance deficiency, Lessee shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to public health and safety, then Lessee shall have forty-eight (48) hours to rectify the problem.

In the event Lessee fails to correct, remedy, or cure such maintenance deficiency after notification and after the period of correction has lapsed, then Lessor shall have the right to maintain such Improvements. Lessee agrees to pay Lessor such maintenance charges and costs incurred during the term of the Lease Agreement. Until so paid, Lessor 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 Claim of Lien against the Site, such lien shall constitute a lien on the Leasehold interest 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; and (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 Lessee 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 Lessor 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 Lessor 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 Lessor 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 Lessor and fee title to various portions of the Site is held under separate lesseeships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Lessor to reimburse the Lessor for the cost of undertaking such maintenance obligations of Lessee and its successors and the lien for such charges shall be apportioned among the fee Lessees of the various portions of the Site under different Lesseeships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate Lessee of a portion of the Site shall have any liability for the apportioned liabilities of any other separate Lessee 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 Lessee who is liable for the apportioned lien and against no other portion of the Site. Lessee acknowledges and agrees Lessor may also pursue any and all other remedies available in law or equity. Lessee shall be liable for any and all attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

#### VI. COMPLIANCE WITH LAW

Lessee shall comply with all local, state and federal laws relating to the uses of or condition of the Site private Improvements and public Improvements to the curblines(s). As specified in the above, Lessee can terminate this Lease under Sections 3.1 and 6.1. Local laws for the purposes of this section shall include only those ordinances that 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), Lessee shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

VII. 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 III hereof. If the defaulting party within a reasonable time commences to cure, correct, or remedy such default, and shall complete such cure, correction or remedy with reasonable and due diligence, within a thirty (30) day period or such longer period as reasonably determined by the Lessor if the default cannot be cured within thirty (30) days, then the defaulting party shall no longer be in default.

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 Lessor or Lessee may have at law or at equity.

VIII. MODIFICATION

This Agreement may be modified only by subsequent mutual written agreement executed by Lessee and Lessor.

IX. 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.

Lessee

By: \_\_\_\_\_  
Polly Williams, President  
United Friends of the Children

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

Attachment C-1  
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 mold. 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 luke warm 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.

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

Attachment C-2  
ANNUAL INSPECTION STANDARDS

In order to ensure that all units are maintained in a safe, sanitary, decent condition, the Lessee 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, untornd, movable parts operate smoothly and easily; weather-stripping intact and secure.

DRAPES: In place; clean, uniform appearance; no holes, tears; 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 noise; splashguard in place, intact, firm.

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

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

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

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

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

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

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

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

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

**COMMON AREAS, GROUNDS AND STRUCTURES -**

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

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

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

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

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

MAILBOXES: Clean; clearly labeled; individual boxes secure.

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

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

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

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

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

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

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

### **GROUND 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 five (5) inches high; litter-free; borders edged; weed-free; no bare spots.

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

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

Attachment C-3  
PREVENTATIVE MAINTENANCE STANDARDS

Preventive maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventive maintenance reduces long-range operating costs and lessens the necessity for major restorations and Improvements. Preventive maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the Lessees.

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

Termite and vermin inspection and elimination.

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.

The devisement, administration and implementation of the preventative maintenance program will be the responsibility of the Lessee and shall be performed on the following schedule or a schedule approved by the Lessor 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. | Street Pavement Inspections and Corrections          | 1 year   |
| 12. | Weather Stripping and Caulking                       | 1 year   |
| 13. | Interior Painting of Units                           | 4 years  |
| 14. | Inspect Exterior Painting of Units:                  |          |
|     | Wood siding and trim                                 | 3 years  |
|     | Brick walls, stucco walls and steel sash             | 5 years  |

EXHIBIT D  
TO  
LEASE

Federal Lobbyist Certification

**FEDERAL LOBBYIST REQUIREMENTS  
CERTIFICATION**

Name of Firm: United Friends of the Children

Address: 1055 Wilshire Blvd., Suite 1955 Los Angeles

State: CA Zip Code: 90017 Telephone Number: (213) 580-1840

---

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;

2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;

3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

---

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

\_\_\_\_\_  
(Contractor/Subcontractor)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)

LEASE

200-206 So. Mednik Ave, East Los Angeles Area,  
City of Los Angeles, Los Angeles County

Dated as of, \_\_\_\_\_ 2004

by and between

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

as Lessor,

and

UNITED FRIENDS OF THE CHILDREN  
A California non-profit corporation

as Lessee

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LEASE

This Lease ("Lease") is made and entered into this \_\_\_\_ day of, \_\_\_\_\_ 2004 (the "Lease Date") by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic ("Lessor"), and United Friends of the Children, a California non-profit corporation, ("Lessee"). The Lessor and the Lessee are the Parties to this Agreement.

RECITALS

A. Lessor is the owner of certain real property (including all easements relating thereto) located at 200-206 So. Mednik Ave in the East Los Angeles area of the City of Los Angeles, County of Los Angeles, State of California, more fully described on Exhibit A attached hereto and incorporated herein by reference (the "Premises").

B. Lessee desires to Lease the Premises from Lessor, and Lessor desires to Lease the Premises to Lessee in accordance with the terms and conditions of this Lease set forth hereinbelow.

NOW THEREFORE, the Parties agree as follows:

1. DEFINITIONS.

1.1 General Definitions.

As used in this Lease, the following words and phrases shall have the following meanings:

(a) Alterations - any change to, or modification of the Improvements made by Lessee pursuant to Section 10.1 below.

(b) Authorized Representative - any officer, agent, employee, or independent contractor retained or employed by either Party, acting within authority given him by that Party.

(c) Capital Expenditure - customary and necessary capital expenditures (as determined in accordance with generally accepted accounting principles) made by Lessee for Alterations with respect to the Premises.

(d) Damage - injury, deterioration, or loss to a Person or property caused by an Act of God or another Person's acts or omissions. Damage includes death; Damage does not include normal wear and tear.

(e) Destruction - any substantial Damage to the Premises or the Improvements.

(f) Encumbrance - any deed of trust, mortgage, or other written security device or agreement encumbering either the Leasehold or the fee interest in the Premises, and the note or other obligation secured by it, that constitutes security for the payment of a debt or performance of an obligation.

(g) Expiration - the coming to an end of the time specified in this Lease as its duration.

(h) Improvements - any structures or other permanent

improvements to be rehabilitated on the Premises, which structures or permanent improvements shall be rehabilitated in accordance with plans and specifications approved by Lessor, in its sole discretion.

(i) Law - any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal, or other government agency or authority having jurisdiction over the Parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including, without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities).

(j) Person - one or more human beings, or legal entities or other artificial persons, including, without limitation, partnerships, corporations, trusts, estates, joint ventures, associations, and any combination of human beings and legal entities.

(k) Provision - any term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in this Lease that defines or otherwise controls, establishes, or limits the performance required or permitted by either Party.

(l) Rent - rent and any other charges payable by Lessee to Lessor under the Provisions of this Lease.

(m) Successor - assignee, transferee, personal representative, heir, or other Person succeeding lawfully, and

pursuant to the Provisions of this Lease, to the rights or obligations of either Party.

(n) Termination - the ending of the Term for any reason before Expiration.

1.2 Other Definitions.

The following additional terms are defined in the following sections of this Lease:

|                            |         |
|----------------------------|---------|
| (a) Term                   | 3.0     |
| (b) Rent                   | 4.1     |
| (c) Rent Commencement Date | 4.1     |
| (d) Other Expenses         | 4.3     |
| (e) Taxes                  | 5.1     |
| (f) Award                  | 13.1(a) |
| (g) Condemner              | 13.1(c) |
| (h) Date of Taking         | 13.1(d) |
| (i) Minor Taking           | 13.1(e) |

2. PREMISES.

2.1 Conveyance of Improvements.

Upon the Expiration of the term of this Lease or upon earlier Termination of the term pursuant to the provisions of this Lease, Lessee shall convey to Lessor all of its interest in the Premises and Improvements, by means of a grant deed or such other instruments as Lessor may reasonably require.

2.2 Lease of Premises.

For and in consideration of the payment of Rent and the performance of all the terms, covenants and conditions of this

Lease by Lessee, Lessor hereby Leases the Premises to Lessee, free of other tenancies or rights of possession and subject only to the permitted exceptions set forth in that certain preliminary title report attached hereto as Exhibit B, issued by \_\_\_\_\_ Title Company, Order No. \_\_\_\_\_, and Lessee hereby takes and hires the Premises from Lessor.

3. LEASE TERM.

The initial term ("Term") of this Lease shall commence on the Lease Date and extend for a term of 55 years.

3.1 Termination.

This Lease may be terminated by Lessor or by Lessee with one hundred and eighty (180) days written notice, for any reason. In the event Lessor or Lessee exercises its right to terminate this Lease, Lessee shall reconvey Premises to Lessor in the same condition Premises were Leased to Lessee without any additional Encumbrances.

4. RENT.

4.1 Payment of Rent.

Lessee shall pay to Lessor, without deduction, setoff, prior notice or demand, at such place as Lessor may from time to time designate, the rent specified in Section 4.2 below (the "Rent"), commencing on the Rent Commencement Date. For purposes hereof, "Rent Commencement Date" shall mean the date the Lessee takes possession of the Premises. For any partial year during the Term, the Rent for such partial month shall not be prorated.

4.2 Rent During Term.

For the period beginning on the date of this Lease and terminating on the Rent Commencement Date, Lessee shall pay no Rent. For the period beginning on the Rent Commencement Date and continuing throughout the remainder of the Term, Lessee shall pay one dollar (\$1.00) per year, paid in advance on the Rent Commencement Date in one lump sum amount of \$55.00 to the Lessor.

4.3 Other Expenses.

In addition to the Rent as set forth in Section 4.2 hereinabove, Lessee shall pay or cause to be paid all insurance, operating and maintenance expenses associated with the Premises and the Improvements pursuant to the terms of this Lease, but specifically excluding all ad valorem property taxes and possessory interest taxes, assessed against or otherwise imposed with respect to, the Land, the Improvements or the Personal Property ("Other Expenses"). From and after the date hereof, Lessee shall pay or cause to be paid the Other Expenses on or before the date such Other Expenses are due, and under no circumstances shall Lessee be entitled to a credit or other waiver with respect to the Other Expenses.

5. TAXES.

5.1 Lessor to Pay Taxes.

Throughout the Term of this Lease, Lessor shall pay, except as otherwise provided in this Lease, all taxes, all ad valorem property taxes, possessory interest taxes, general or special assessments, levies and other charges levied on, assessed

against or otherwise imposed with respect to, the Land, the Improvements or the Personal Property, including, without limitation, any possessory interest taxes levied against Lessee with respect to its Leasehold interest created hereby, which may be levied upon or assessed against or become a lien in any manner upon the Premises, or any Improvements, or any Personal Property, or any part thereof, by or according to any law or governmental, legal, political or other authority whatsoever (collectively "Taxes").

5.2 Other Taxes.

Lessee shall not be required to pay any income, franchise, estate, inheritance, succession, capital levy or transfer tax assessed against Lessor or any Successor of Lessor, or any income, excess profits or revenue tax or any other similar tax, assessment, charge or levy upon the Rent or other income derived by Lessor or any Successor of Lessor under this Lease.

6. USE OF PREMISES.

6.1 Use.

Throughout the Term of this Lease, the Premises shall be used by Lessee for housing for low-income emancipated foster youth and directly related uses and Lessee agrees to maintain the character of the Premises as required by the Maintenance Agreement (Dated \_\_\_\_\_, 2004), incorporated herein as Exhibit C, so long as such document remains in effect. Lessee may use the Premises for any other public purpose with the prior written consent of Lessor, which consent shall not be

unreasonably withheld. Lessee shall not use or permit the use of the Premises in any manner which (i) creates a nuisance or (ii) violates any Law provided that if future law is enacted that requires significant changes to building structure or expenditures in excess of five thousand dollars (\$5,000) to comply, Lessee may terminate the Lease as provided in Section 3.1 above.

6.2 Affordability Restrictions.

Once available for occupancy, all units rehabilitated on the Premises shall be rented or held vacant and available for rental to very low-income emancipated foster youth, as defined herein, on a continuous basis and may not be converted to condominium, owner-occupied, or other non-rental use; and Lessee shall not discriminate on the basis of race, creed, color, sex, marital status, disability, or national origin in the lease, use, or occupancy of the units.

The very low-income units shall be affordable to eligible emancipated foster youth whose household incomes are below fifty percent (50%) of area median income (AMI) for the Los Angeles - Long Beach Metropolitan Statistical Area (MSA), adjusted for household size. Any rent paid by the occupants shall not exceed thirty percent (30%) of fifty percent (50%) of the AMI. During the 55-year term of this Lease, Lessee shall comply with HOME Program regulations Sections 92.203, 92.252, 92,253, and 92.256 regarding the occupants of the units.

6.3 No Discrimination.

The Lessee herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through it, that 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, religion, creed, color, national origin, ancestry, marital status, sex or sexual orientation in the leasing, subleasing, transferring, use or enjoyment of the land herein Leased nor shall the Lessee 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 lessee's lessees, sub-lessees, or vendees in the land herein Leased.

6.4 Occupancy Monitoring.

Lessee shall comply with the occupancy monitoring procedures established by the Lessor in compliance with the HOME Program pursuant to 24 CFR Sections 92.252 and 92.253. Lessee agrees to ensure that each emancipated foster youth's ("Youth") eligibility to occupy the Premises shall be based upon information that the youths provide to Lessee regarding their income and assets. The youths shall agree to provide updated information each year and all information they supply shall be subject to inspection by representatives of the Lessor or regulatory agencies. The youths shall agree that all such information they provide regarding household income and assets

shall be true, complete, and correct to the best of their knowledge. The youths shall agree that failure to provide such information, or providing false or misleading information, may result in the termination of their occupancy and eviction from the Premises.

7. IMPROVEMENTS.

7.1 Ownership and Removal of Improvements.

Lessee shall not remove any Improvements or Alterations from the Premises nor waste, destroy or modify any Improvements or Alterations on the Premises, except as permitted by this Lease. Upon Expiration or Termination of the Term of this Lease, all Improvements and Alterations on the Premises shall, without compensation to Lessee, thereupon become Lessor's property. Upon any such Expiration or Termination, Lessee shall deliver to Lessor a grant deed to convey Lessee's interest in the Improvements and Alterations to Lessor.

7.2 Real Estate Covenant.

Lessor and Lessee covenant and agree that all Improvements shall at all times be, and remain, real property.

8. MAINTENANCE AND REPAIRS.

8.1 Duty to Maintain Premises.

Lessee shall, at its own cost and expense, cause the Premises (including the Improvements and Alterations) to be kept and maintained in good order, condition and repair throughout the Term of this Lease, in accordance with Exhibit C, the Maintenance

Agreement. Lessor shall not have any responsibility to maintain the Premises, except for extraordinary maintenance, as defined in the Maintenance Agreement. Lessee hereby waives the benefit of California Code Sections 1941 and 1942 and any other Law that would otherwise afford Lessee the right to make repairs at Lessor's expense.

8.2 Condition of Premises and Improvements.

(a) Inspection.

(1) Initial Inspection. At least thirty (30) calendar days before the Rent Commencement Date, Lessor shall provide Lessee a copy of Lessor's internal Inspection Report regarding the condition of the Premises and the Improvements (the "Inspection Report").

(2) Lessee's Acceptance. Lessor shall convey to Lessee, the Premises and all Improvements in a condition acceptable to Lessee, at Lessee's reasonable discretion. Lessee shall notify Lessor whether or not the Premises or the Improvements are in an acceptable condition. If Lessee notifies Lessor that the Premises and Improvements are not in an acceptable condition, then the obligations of all parties under this Lease shall terminate, and neither party shall have any further obligation or liability to the other in connection with this Lease.

9. UTILITIES AND SERVICES.

Lessee shall pay for all water, sewage, gas, electricity, telephone, maintenance, janitorial, trash collection and any and

all other utilities and services supplied to the Premises.

10. ALTERATIONS; SIGNS.

10.1 Alterations.

Lessee shall have the right, throughout the Term of this Lease at any time and from time to time to make Capital Expenditures for the purposes of constructing Alterations, costing, in the aggregate, no more than \$5,000.00. Any Capital Expenditures for Alterations in excess of \$5,000.00 shall require the prior written consent of the Lessor, which consent may be withheld by Lessor in its sole discretion. All Alterations, whether or not Lessor's prior written consent is required, shall be made pursuant to the terms of this Section 10.1.

10.2 Conditions to Alterations.

Notwithstanding the Provisions of Section 10.1, with respect to any such Alterations, Lessee shall comply with the following requirements:

(a) If the Alterations require a building permit, on or before submission of preliminary construction plans and specifications to the appropriate governmental agencies for review, Lessee shall submit one set of such documents to Lessor for Lessor's review and approval, which approval may be withheld by Lessor in its sole and absolute discretion;

(b) If the Alterations require a building permit, on or before submission of final working plans and specifications to the appropriate governmental agencies for approval, Lessee shall deliver to Lessor one complete set for Lessor's

review and approval, which approval Lessor may withhold in its sole and absolute discretion;

(c) If the cost of the Alterations exceeds \$5,000.00, Lessee shall deliver to Lessor insurance certificates for any insurance pertaining to the construction which is required pursuant to Section 11 hereof.

(d) Once construction of the Alterations is begun, Lessee shall with reasonable diligence prosecute such construction to Completion.

### 10.3 Signs.

Subject to the approval of local and/or other governmental regulatory authorities and subject to Lessor's approval, Lessee shall have the right to place, affix and maintain signs upon the Premises and the Improvements. All such signs shall be installed and maintained in good condition and repair at Lessee's sole cost and expense.

## 11. INDEMNITY AND EXCULPATION; INSURANCE.

### 11.1 Exculpation of Lessor.

Lessor shall not be liable to Lessee for any damage to Lessee or Lessee's property from any cause except damages caused by the sole negligence of Lessor or its Authorized Representatives. Lessee waives all claims against Lessor for damage to Person or property arising for any reason other than the intentional acts or negligence of Lessor or its Authorized Representatives.

11.2 Indemnity.

(a) Lessee shall indemnify, hold harmless and defend Lessor against and from any loss, cost or expense of any sort or nature, and from any liability to any Person, on account of any damage to Person or property arising out of any failure of Lessee to perform and comply in any respect with any of the requirements and Provisions of this Lease or arising from Lessee's use, maintenance and operation of the Premises.

(b) Notwithstanding anything to the contrary contained in this Section, Lessee shall not be liable for any injury, loss or Damage of whatever kind if such injury, loss or Damage is the result of the sole negligence of Lessor or its Authorized Representatives.

11.3 Insurance.

Concurrent with the execution of this Lease and in partial performance of Lessee's obligations hereunder, Lessee shall procure and maintain, at its cost, during the term of this Lease and any extensions or renewals thereof, from an insurer admitted in California or having a minimum rating of or equivalent to A: VIII in Best's Insurance Guide:

(a) Comprehensive General Liability Insurance with a combined single limit of at least two million dollars (\$2,000,000). Lessor, its officials, employees, and agents shall be covered as additional insureds with respect to liability arising from activities performed by or on behalf of Lessee, or the maintenance, use or occupancy of the Premises. Said insurance shall be primary insurance with respect to Lessor and

shall contain a cross liability endorsement.

(b) "All Risk" property insurance, in an amount sufficient to cover the full replacement value of all insurable buildings, structural Improvements and Lessee's personal property on the Premises. Lessor shall be named as an insured under a standard loss payable endorsement.

(c) On or before the Rent Commencement Date, Lessee shall deliver to Lessor certificates of insurance with original endorsements evidencing the coverage required by this Lease. The certificates and endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. Lessor reserves the right to require complete certified copies of all policies at any time. Lessee further agrees that if Lessee fails to furnish evidence of insurance as provided in this Section, Lessor may obtain such insurance and the premium for such insurance shall be deemed additional rent to be paid by Lessee to Lessor upon demand.

(d) Said insurance shall contain an endorsement requiring thirty (30) days' prior written notice from insurers to Lessor before cancellation or change of coverage.

(e) Said insurance may provide for such deductibles or self-insured retention as may be acceptable to Lessor. In the event such insurance does provide for deductibles or self-insured retention, Lessee agrees that it will fully protect Lessor, its officials, and employees in the same manner as these interests would have been protected had the policy or policies not contained a deductible or retention provisions.

With respect to damage to property, Lessor and Lessee hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said Damage.

(f) Not more frequently than every five (5) years, if in the opinion of Lessor or of an insurance broker retained by Lessor, the amount of the foregoing insurance coverage is not adequate, Lessee shall increase the insurance coverage as required by Lessor.

(g) The procuring of said insurance shall not be construed as a limitation on Lessee's liability or as full performance on Lessee's part of the indemnification and hold harmless provisions of this Lease; and Lessee understands and agrees that, notwithstanding any insurance, Lessee's obligation to defend, indemnify and hold Lessor, its officials and employees harmless hereunder is for the full and total amount of any damage, injuries, loss, expense, costs or liabilities caused by the condition of the Premises or in any manner connected with or attributed to the acts or omissions of Lessee, its officers, agents, employees, sublessees, licensees, patrons or visitors, or the operations conducted by Lessee, or the Lessee's use, misuse or neglect of the Premises.

(h) Any modification or waiver of the insurance requirements herein shall only be made with the written approval of Lessor.

12. DESTRUCTION.

12.1 Duty to Restore.

In the event of any Destruction to the Premises or the Improvements by fire or other casualty, which renders the Premises partially or totally unleaseable, which damage or Destruction is insured against under any policy of fire and extended coverage insurance then covering the damaged Improvements, this Lease shall not terminate and said Improvements shall be rebuilt by Lessee with due diligence at Lessee's expense provided that insurance proceeds received by Lessee are adequate. Notwithstanding the foregoing, this Lease shall be subject to termination as provided in Section 12.2 below.

12.2 Election to Terminate.

In the event of any Damage or Destruction of the Premises or the Improvements by an uninsured casualty at any time during the Term or by a casualty (whether or not insured) during the last two (2) years of the Term, then either party may within not more than sixty days after such Damage, notify the other party of its election to terminate this Lease. If this Lease is not so terminated, then Lessee shall rebuild said Improvements with due diligence at Lessee's expense, unless Lessor is required to pay for such casualty, pursuant to Lessor's agreement to pay for extraordinary maintenance, as defined in the maintenance agreement. If this Lease is terminated by either party as aforesaid, this Lease shall terminate effective as of the date of such Damage or Destruction and any Rent paid by Lessee for the

period after such termination date shall be promptly refunded by Lessor. In the event neither party timely gives notice of its election to terminate this Lease as aforesaid, this Lease shall remain in full force and effect. Notwithstanding Lessor's election to terminate this Lease, Lessee shall have the right, within thirty (30) days after receipt of notice from Lessor terminating this Lease, to elect to repair the Damage to the Premises or Improvements at Lessee's expense by delivering written notice to Lessor, in which event this Lease shall remain in full force and effect and Lessee shall proceed to make such repairs as soon as reasonably possible.

13. CONDEMNATION.

13.1 Definitions.

(a) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial Condemnation.

(b) "Condemnation" means (1) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemner and (2) a voluntary sale or transfer by Lessor to any Condemner, either under threat of Condemnation or while legal proceedings for Condemnation are pending.

(c) "Condemner" means any public or quasi- public authority, or private corporation or individual, having the power of Condemnation.

(d) "Date of Taking" means the date the Condemner has the right to possession of the property being condemned.

(e) "Minor Taking" means a Condemnation which does not cause a loss of building square footage or parking spaces at the Premises and which does not permanently and adversely impact or affect vehicular and pedestrian circulation, ingress, egress or visibility of or at the Premises.

13.2 Rights and Obligations.

If during the Term there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation, the rights and obligations of the Parties shall be determined pursuant to this Section 13. Each Party waives the provisions of Code of Civil Procedure 1265.130 allowing either Party to petition the superior court to Terminate this Lease in the event of a partial taking of the Premises.

13.3 Total Taking.

(a) If all or substantially all of the Premises shall be taken by Condemnation then, subject to the rights of Permitted Lenders, this Lease shall Terminate as of the Date of Taking. All Rent paid in advance and pertaining to the period beyond the Date of Taking shall be refunded to Lessee by Lessor. For purposes of this Section, "substantially all" of the Premises shall be deemed to have been taken if the Condemnation is more than a Minor Taking and if, in Lessee's reasonable discretion, the remaining property cannot be practicably used by Lessee for the purposes contemplated by this Lease.

(b) In the event of a taking of all or substantially all of the Premises, Lessee shall be entitled to that portion of the Award equal to the value of Improvements to the Premises paid

for by the Lessee, and pre-approved by the Lessor, and Lessor shall be entitled to receive the balance of any Award.

13.4 Intentionally Omitted.

13.5 Condemnation Proceedings.

Lessee shall not have the right to participate in any Condemnation proceedings concerning or affecting the Premises. In case of a taking of all or any part of the Premises or any interest in the Lease, or the commencement of any proceedings or negotiations which might result in such taking, any Party receiving information as to the same shall promptly give written notice thereof to the other.

14. HAZARDOUS MATERIALS.

(a) For purposes of this Lease, "Hazardous Materials" shall mean petroleum, asbestos, flammable explosives, radioactive materials, hazardous wastes, toxic substances and hazardous substances and related materials, including, without limitation, those materials identified in the applicable Sections of Title 22 of the California Administrative Code, Division 4, Chapter 30; the substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; and those substances defined as "hazardous wastes"

in Section 25117 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code; all as may be amended from time to time; and the regulations adopted in publications promulgated pursuant to said laws.

(b) If Lessee believes or has reasonable cause to believe that any release of a Hazardous Material has come to be located on or beneath the Premises that may present a health and safety risk or reach an "action level" under laws and regulations governing hazardous materials, then Lessee shall give written notice of any such discovery to Lessor pursuant to Section 25359.7(b) of the California Health and Safety Code. In addition, Lessee, at its sole cost, shall comply with all current and future laws, regulations and orders relating to Lessee's storage, use and disposal of Hazardous Materials. If Lessee does store, use or dispose of any Hazardous Materials other than such cleaning and other materials customarily used in the operation and maintenance of a multi-family residential building, Lessee shall notify Lessor in writing at least ten (10) days prior to the first appearance of such materials on or about the Premises and Lessee's failure to do so shall constitute a Default under this Lease. Lessee shall, in accordance with applicable law, not dispose of any Hazardous Materials at the Premises. Lessee shall be solely responsible for and shall defend, indemnify and hold Lessor and its commissioners, officers, employees, agents, contractors and the holder of any mortgage lien on all or a portion of the Premises, and any successor to Lessor's interest

in this Lease, their directors, officers, employees and agents (collectively, the "Lessor Group") harmless from and against all claims, costs, losses, expenses and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with the storage, use and disposal of Hazardous Materials by Lessee, its directors, officers, employees and agents (collectively, the "Lessee Group"). If the presence of Hazardous Materials on the Premises caused or permitted by the Lessee Group results in contamination greater than the levels established by any governmental agency having jurisdiction over such contamination, then Lessee shall promptly take any and all action ordered by such governmental agency to cleanup such contamination. If Lessee fails to proceed with the cleanup of any contamination or otherwise fails to comply with any laws, regulations or orders relating to Hazardous Materials, then Lessor, at its option, shall have the right to (i) declare Lessee in Default under this Lease, and/or (ii) take any and all action necessary to cleanup such contamination or otherwise comply with any laws, regulations or orders relating to Hazardous Materials.

Lessor shall have the right to (i) enter the Premises for the purpose of conducting any tests to determine the presence of Hazardous Materials at the Premises, (ii) enter the Premises for the purpose of taking any corrective action pursuant to the rights granted Lessor hereunder, and/or (iii) notify the appropriate governmental agencies of the existence of Hazardous Materials at the Premises; provided however, that if Lessor elects to enter the Premises hereunder, during such entry Lessor

shall not unreasonably interfere with Lessee's use of the Premises. Any costs incurred by Lessor in correcting or responding to the Hazardous Materials as set forth in this Lease shall be considered additional Rent under the Lease and be immediately due and payable. Any such amounts not paid by Lessee within thirty (30) days of demand therefore shall thereafter bear a fee payment of 15% of any unpaid portion of the costs incurred by Lessor. At any time prior to the expiration of the Lease Term, Lessee shall have the right to conduct appropriate tests of water and soil and to deliver to Lessor the results of such tests to demonstrate that no contamination in excess of legally permitted levels has occurred as a result of Lessee's use of the Premises. Lessee shall further be solely responsible for, and shall defend, indemnify and hold the Lessor Group harmless from and against any and all claims, costs, losses, expenses and liabilities, including attorneys' fees and costs, arising out of or in connection with any removal, cleanup, and restoration work required hereunder to return the Premises and any other property of whatever nature to their condition existing prior to the appearance of Hazardous Materials, to the extent that such Hazardous Materials are attributable to the Lessee Group.

15. WARRANTIES AND REPRESENTATIONS.

The Lessor makes the following warranties and representations regarding hazardous materials on the Premises.

The Lessor has had consultants conduct an Asbestos and Lead Paint Abatement study at said Premises. Lessor consultants have determined that the Premises are free of any and all hazardous

materials, including petroleum, asbestos, flammable explosives, radioactive materials, hazardous wastes, toxic substances and hazardous substances and related materials.

These warranties and representations are made solely for the benefit of Lessee and are not to be relied upon by any other parties.

16. ASSIGNMENT, SUBLETTING AND ENCUMBERING.

16.1 Assignment and Subletting.

(a) No assignment or transfer of this Lease by the Lessor shall be binding on the Lessee unless the assignee or transferee shall assume and agree to be bound by the terms of this Lease and until notice of assignment or transfer together with an executed copy of such transfer instrument or assignment is received by Lessee.

(b) Lessee may not assign, sublet or transfer any or all of its rights or privileges under this Lease unless Lessor first grants its written consent to such assignment, sublease or transfer, which consent will not be unreasonably withheld. Lessor hereby consents to Lessee's sublease to eligible emancipated foster youth. In the event Lessor grants its consent to such assignment, sublease or transfer, Lessee shall not be relieved of its obligations for the performance of all of the terms and conditions of this Lease including the payment of Rent, except as specifically set forth herein.

(c) Lessor may assign, sublet or transfer any or all of its rights or privileges under this Lease without the written

consent or approval of Lessee.

16.2 Encumbrance or Assignment as Security.

Lessee shall not have the right to encumber or assign its interest in this Lease to one or more encumbrances, in favor of any lender, including, without limitation, banks, savings and loans, and insurance companies.

17. DEFAULTS AND REMEDIES.

17.1 Defaults.

Each of the following shall be deemed a "Default" under this Lease:

(a) if, after written notice, Lessee shall fail to pay any installment of Rent or other sum due under this Lease when due and payable, and such failure continues for a period of more than ten (10) days;

(b) if Lessee shall fail to perform any event designated as a "Default" under this Lease, and/or any other Term, covenant or condition of this Lease, and such failure continues for more than thirty (30) days after written notice from Lessor (or if the default is of such character as reasonably to require more than thirty (30) days to cure, then if Lessee shall fail within thirty (30) days after written notice from Lessor to commence and pursue with due diligence the curing of such default, however, in any event Lessee will cure default in 90 days);

(c) if, due to insolvency, Lessee is unable to use the Premises for intended purposes for a period up to 180

days, then Lessor shall have right to terminate the Lease; or

(d) if a receiver, guardian, conservator, trustee or assignee, or any other or similar officer or Person shall be appointed to take charge of the Premises or all or substantially all of Lessee's other property, and such appointment is not vacated within one hundred and eighty (180) days thereafter.

#### 17.2 Remedies.

Upon occurrence of any Default, Lessor may, at its option and without any further demand or notice, do any of the following:

(a) Give Lessee written notice of Termination of this Lease and on the date specified in such notice Lessee's right to possession of the Premises shall cease and this Lease shall Terminate. Upon such Termination, Lessor may reenter the Premises, and, subject to the rights of sublessees, Lessor may eject all parties in possession of the Premises through legal process and repossess and enjoy the Premises, in which event Lessor shall be entitled to recover from Lessee, in accordance with California Civil Code Section 1951.2 or successor statute, or otherwise, the following:

(1) the worth at the time of award of the amount of any obligations of Lessee which has accrued or been earned at the time of Termination provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included;

(2) the worth at the time of award of the

amount by which the unpaid Rent and all additional and further charges under this Lease which would have been earned after Termination until the time of award exceeds the amount of loss of such rental or other charges that Lessee proves could have been reasonably avoided provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included ;

(3) the worth at the time of award of the amount by which the unpaid Rent and other charges for the balance of the Term of this Lease after the time of award exceeds the amount of loss of such rental and other charges that Lessee proves could be reasonably avoided provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included; and

(4) any and all other amounts necessary to compensate Lessor for all detriment, costs and expenses incurred by Lessor proximately caused by Lessee's default hereunder or which in the ordinary course of things would be likely to result therefrom provided that no ongoing maintenance charges after one hundred and eighty (180) days after termination of the Lease shall be included.

As used in clauses (1), (2) and (3) above, the "worth at the time of award" is computed by allowing interest at a rate equal to the maximum rate at the time of the award that a non-exempt lender is permitted to charge on loans for any use other than for personal, family or household purposes, under California Constitution Article XV, Section 1, as now in effect

or hereafter from time to time amended. No effort by Lessor to mitigate the damages caused by Lessee's default hereunder shall waive or result in the waiver of any right of Lessor to recover damages under this Section 17.2(a). The amount recoverable by Lessor pursuant to clause (4) above shall include, but is not limited to, any costs or expenses incurred by Lessor in maintaining or preserving the Premises after such default, preparing the Premises for reletting to a new Lessee, accomplishing any repairs or Alterations to the Premises for the purpose of such reletting, rectifying any damage thereto occasioned by the act or omission of Lessee or any other costs necessary or appropriate to relet the Premises.

(b) Without Terminating this Lease or Lessee's right to possession of the Premises or otherwise relieving Lessee of any obligation hereunder, Lessor may reenter the Premises, do all things necessary to preserve, maintain and repair the same, make efforts it may deem desirable to relet the Premises, obtain at its option the appointment of a receiver to protect its interests under this Lease and continue to enforce all of its rights and remedies under this Lease.

(c) Lessor may at Lessor's election use Lessee's personal property and trade fixtures located on, about or appurtenant to the Premises without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

(d) Lessee assigns to Lessor all subrents and other sums falling due from sublessees, licensees, and concessionaires during any period in which Lessor has the right under this Lease, whether exercised or not, to reenter the Premises for Lessee's Default, and Lessee shall not have any right to such sums during that period, and any such sums received by Lessee shall be for the benefit of the Lessor. This assignment is subject and subordinate to any and all assignments of the same subrents to the Permitted Lenders under any Permitted Encumbrances. Lessor may, at Lessor's election, reenter the Premises with process of law, without Terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. Lessor shall receive and collect all subrents and proceeds from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of Lessor in recovering possession, placing the Premises in good condition, and preparing or altering the Premises for reletting; second, to the reasonable expense of securing new sublessees; third, to the fulfillment of Lessee's obligations to the end of the Term; and fourth, to the persons legally entitled thereto. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses, less the proceeds of the sums assigned and actually collected under this Provision.

### 17.3 Cumulative Nature of Remedies.

The foregoing rights of Lessor pursuant to Section 17.2 shall be cumulative to all other rights or remedies now or hereafter given to Lessor by Law or in equity or by the Terms of this Lease.

### 17.4 Lessor's Right to Cure Breach.

Except (i) as set forth in Section 14, and (ii) in the event of an emergency which threatens life or material damage to property, at any time and without notice to Lessee or any other party, Lessor may, but is not obligated to, cure any of Lessee's failures to perform any covenant or Provision of this Lease at Lessee's cost. If Lessor, by reason of such failure by Lessee, pays any sum or does any act in accordance with this Section 17.4, the sum paid by Lessor plus the reasonable cost of performing such act shall be due as additional Rent within ten (10) days after written demand therefor by Lessor to Lessee. No such payment or act shall constitute a cure or waiver of the breach or a waiver of any remedy for Default or render Lessor liable for any loss or damage resulting from any such act.

### 17.5 Lessor's Default.

Lessor shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after written notice by Lessee to Lessor specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required

for its performance then Lessor shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently and in good faith prosecute the cure to completion.

18. SURRENDER AND LESSOR'S ENTRY.

18.1 Surrender.

(a) Good Order and Repair. Upon the Expiration or sooner Termination of this Lease, Lessee shall surrender the Premises to Lessor in good order, condition and repair, ordinary wear and tear, ordinary depreciation and obsolescence excepted. Lessee's Lessees, sublessees, and licensees space in the Premises shall have the right to remove their trade fixtures, furniture, furnishings and equipment from the Premises prior to the Expiration date or within thirty (30) days after the date of Termination provided they repair any damage to the Premises caused by said removal.

(b) Voluntary Surrender. Lessee may surrender the Premises to Lessor upon one hundred and eighty (180) days prior written notice at any time during the Term of this Lease. In such event, Lessee shall be relieved of any and all obligations arising on or subsequent to the date the Lease is so surrendered to Lessor, provided, however that Lessee shall remain obligated on all obligations that arise prior to the date of such surrender.

18.2 Lessor's Entry on Premises.

Lessor and its Authorized Representatives shall have

the right to enter the Premises during normal business hours upon reasonable prior notice to Lessee for any of the following purposes:

(a) To determine whether the Premises are in good condition and whether Lessee is complying with its obligations under this Lease;

(b) To do any necessary maintenance and to make any restoration to the Premises that Lessor has the right to perform;

(c) To serve, post, or keep posted any notices required or allowed under the Provisions of this Lease or pursuant to Law;

(d) To show the Premises to prospective brokers, agents, buyers, lenders, or Persons interested in a sale or exchange, at any time during the Term.

Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of Lessor's entry on the Premises as provided in this Section 18.2, except damage resulting from the negligent acts or negligent omissions of Lessor or its Authorized Representatives.

Lessee shall not be entitled to an abatement or reduction of Rent if Lessor exercises any rights reserved in this Section 18.2.

Lessor shall conduct its activities on the Premises as allowed in this Section 18.2 in a reasonable manner that will minimize any inconvenience, annoyance, or disturbance

to Lessee and Lessee's sublessees.

19. NOTICES.

All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations under this Lease made or given by either Party to the other shall be personally delivered or sent by reputable overnight courier or United States certified mail, return receipt requested, postage prepaid, and shall be deemed received upon delivery if personally served, one day after deposit with an overnight courier, or three days after deposit in the United States mails, if sent certified mail, return receipt requested, postage prepaid. Such notices shall be addressed as follows:

If to Lessor: Carlos Jackson, Executive Director  
Community Development Commission  
of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755

Telephone: (323) 890-7400  
Fax: (323) 890-8584

If to Lessee: Polly Williams, President  
United Friends of the Children  
1055 Wilshire Blvd., Suite 1955  
Los Angeles, CA 90017

Telephone: (213) 580-1840  
Fax: (213) 582-1841

with a copy to:

Mr. Mitchell Evall  
Weissman, Wolff, Bergman, Coleman, and  
Silverman  
9665 Wilshire Blvd., Suite 900  
Beverly Hills, CA 90212

Telephone: (310) 858-7888  
Fax: (310) 550-7191

or to such other place or places as Lessor and Lessee may designate by written notice similarly delivered.

## 20. QUIET POSSESSION.

Lessee, upon paying the Rent herein provided and performing all of the other obligations of this Lease on its part to be performed, shall and may peaceably and quietly have, hold and enjoy the Premises during the Term hereof, as the same may be extended, without hindrance or molestation by Lessor, subject to all of the Provisions of this Lease.

## 21. GENERAL PROVISIONS.

### 21.1 Waiver.

The waiver by Lessor or Lessee of any breach by the other Party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of Rent hereunder by the Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, other than the failure to pay the particular Rents so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Rent.

### 21.3 Estoppel Certificates.

At any time and from time to time, within thirty (30) days after notice of request by either Party or any Permitted Lender, the Party so requested shall execute, acknowledge, and deliver to the requesting Party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement and acknowledging that there are no uncured Defaults or failures to perform any covenant or Provision of this Lease on the part of the other Party hereto or specifying any such Defaults or failures which are claimed to exist. The statement shall also state the dates to which the Rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, banker, and investment banker of either Party and by any prospective purchaser or mortgagee of

the Premises or all or any part or parts of Lessee's or Lessor's interests under this Lease.

21.4 Entire Agreement; Modification.

Except for any other agreements executed contemporaneously herewith, this Lease contains the entire agreement between the Parties. No verbal agreement or implied covenant unless included in such a contemporaneous agreement shall be held to vary the Provisions hereof, any statements, Law or custom to the contrary notwithstanding. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either Party. Each Party has relied on its own inspection of the Premises and examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in this Lease itself. The failure or refusal of either Party to inspect the Premises, to read this Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice.

No Provision of this Lease may be amended or varied except by an agreement in writing signed by the Parties.

21.5 Recording.

At Lessee's request, Lessor and Lessee shall enter into a short form memorandum of this Lease, in suitable form for recording, which shall be recorded at Lessee's expense upon commencement of the Term.

21.6 Governing Law.

The Lease shall be governed by and interpreted under the laws of the State of California.

21.7 Successors.

The covenants, conditions and agreements of this Lease shall be binding upon and shall inure to the benefit of the heirs, representatives, successors and assigns of the Parties hereto.

21.8 Severability.

If the Provisions of this Lease shall for any reason be held to be invalid, illegal or unenforceable by any court of competent jurisdiction, the validity of the other Provisions of this Lease shall in no way be affected thereby, and this Lease shall be construed as though such invalid, illegal or unenforceable Provisions had never been contained herein, provided that such construction does not materially alter the rights or obligations of either Party hereunder.

21.9 Singular and Plural; Gender.

Whenever the singular number is used in this Lease and the context requires, the same shall include the plural. Further, when used in this Lease and the context requires, the neuter gender shall include the feminine and masculine, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, and each shall include any reference to a corporation, partnership, trust, or other legal entity.

21.10 Right to Audit

The Commission, the United States Department of Housing and Urban Development (HUD), the United States General Accounting Office, or any of their duly authorized representatives shall have access to any books, documents, papers and records of the Lessee and/or its subcontractors which are directly pertinent to the services being provided hereunder for the purpose of making an audit, an examination, excerpts and transcriptions. Lessee shall provide access to such books, documents, papers, and records upon 72 hours written notice. All books, records and supporting detail shall be retained for a period of five years after the expiration of the term of this Agreement or for any longer period of time as required by law.

21.11 Time.

Time is of the essence of this Lease. To the extent any approvals are required of Lessor under this Lease, such approvals or disapprovals shall be given within sixty (60) days of receipt by Lessor of a request by Lessee for an approval of Lessor, unless the time frame for said approval is specified in this Lease.

21.12 Captions.

The captions of the sections of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

21.13 Brokers.

Each Party warrants to and for the benefit of the other that it has had no dealings with any real estate broker or other agent (attorneys excepted) in connection with the

negotiation or making of this Lease.

21.14 Joint and Several Obligations.

"Parties" shall mean Lessor or Lessee; and if more than one Person is Lessor or Lessee, the obligations imposed on those Parties shall be joint and several.

21.15 Non-Recourse.

Notwithstanding any other provision or section of this Agreement, no recourse shall be had by Lessor to Lessee's directors, officers, employees, agents and attorneys for any obligation, including, but not limited to any indemnity obligations, of Lessee hereunder, except for any event of willful misconduct.

21.16 Force Majeure.

Except as provided below, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, extraordinary governmental restrictions, regulations or controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the control of the Party obligated to perform any term, covenant or condition of this Lease, shall excuse the performance by such Party for a period equal to any such prevention, delay or stoppage, except the obligations imposed with regard to Rent or Lessor's financial obligations pursuant to this Lease, unless abatement is expressly provided for in those instances under this Lease.

Either Party encountering such force majeure delays shall send written notice thereof to the other Party no

later than ten (10) days after the commencement of such force majeure delay. If the Party encountering such force majeure delay fails to send notice thereof to the other Party within ten (10) days after the commencement of such delay, then any alleged delay occurring more than ten (10) days prior to the date of such notice shall not be deemed to extend any time for performance set forth herein.

21.17 Conflict of Documents

To the extent of any inconsistency between this Lease and any other related agreements, the terms of this Lease shall prevail.

21.18 Compliance with Laws.

Lessee agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Lease, including, but not limited to, Section a-d below. This Lease is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the Code of Federal Regulations (CFR) Part 85.

a. Civil Rights Act of 1964. Title VI

Lessee shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, 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.

b. Section 109 of HUD Act of 1974

Lessee 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.

c. Section 3 of the Housing and Community Development Act of 1968, As Amended, 12 U.S.C. 1701 Et Seq.

Lessee shall comply with Section 3 of the Housing and Community Development Act of 1968, as amended 12 U.S.C. 1701 Et Seq. which requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

d. Federal Lobbyist Requirements.

The Lessee is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 Code of Federal Regulations (CFR) 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 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.

21.19 Conflict of Interest.

The Lessee represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Lease, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Commission. Upon execution of this Lease and during its term, as appropriate, the Lessee shall disclose in writing to the Commission any other contract or employment during the term of this Lease by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Commission's interest and the interest of the third parties.

21.20 Access and Retention of Records.

Lessee shall provide immediate 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 Lessee which are directly pertinent to the specific contract for the purpose of making audits, examinations, excerpts and transcriptions upon 72 hours notice. The Lessee is required to retain the aforementioned records for a period of five years after the Commission pays final payment and other pending matters are closed under this Lease.

21.21 Confidentiality of Reports.

Lessee 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 persons, firm, corporation or entity without the prior written consent of the Commission.

21.22 Safety Standards and Accident Prevention.

The Lessee shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Lessee shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Lease.

21.23 Drug-Free Workplace Act of the State of California.

Lessee certifies under penalty of perjury under the laws of the State of California that the Lessee will comply with the requirements of the Drug-Free Workplace Act of 1990.

21.24 Interpretation.

No provision of this Lease is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Lease is to be constructed as if it were drafted by both parties hereto.

21.25 Waiver.

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall be deemed to be a waiver of any breach of the same or any other provision hereof.

IN WITNESS WHEREOF, the Parties hereto have executed  
this Lease as of the date first above written.

LESSOR:

COMMUNITY DEVELOPMENT COMMISSION  
COUNTY OF LOS ANGELES

BY: \_\_\_\_\_  
CARLOS JACKSON,  
EXECUTIVE DIRECTOR

\_\_\_\_\_  
Date

LESSEE:

UNITED FRIENDS OF  
THE CHILDREN

By: \_\_\_\_\_  
POLLY WILLIAMS,  
PRESIDENT

\_\_\_\_\_  
Date

APPROVED AS TO FORM:  
LLOYD W. PELLMAN  
COUNTY COUNSEL

BY: \_\_\_\_\_  
Deputy

EXHIBIT A  
TO  
LEASE

LEGAL DESCRIPTION

EXHIBIT B  
TO  
LEASE

PRELIMINARY TITLE REPORT

EXHIBIT C  
TO  
LEASE

MAINTENANCE AGREEMENT

MAINTENANCE AGREEMENT

THIS MAINTENANCE AGREEMENT ("Agreement") is hereby entered into by and between the United Friends of the Children, a California non-profit corporation ("Lessee") and THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Lessor"), as of the \_\_\_\_ day of \_\_\_\_\_, 2004.

R E C I T A L S

A. The Lessor and the Lessee have entered into a Lease Agreement ("Lease Agreement") on \_\_\_\_\_ 2004, for the leasing of a low-income housing development located on certain real property ("Site") located at 200-206 So. Mednik Ave in the city of Los Angeles which is more particularly described on Exhibit "A," attached hereto and made a part hereof. The Lease Agreement requires that Lessee shall maintain the Improvements to the curblineline and the landscaping on the Site in accordance with this Maintenance Agreement.

B. The Lessor and the Lessee desire to set forth herein their respective rights and obligations and the maintenance standards (including without limitation the definition of "Commission Standards") concerning the maintenance of all the Improvements, public and private, onsite and offsite in the public right-of-way to the back of the curblineline(s) abutting the boundary of the Site ("Improvements to the curblineline" hereafter).

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

I. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to set forth general maintenance standards and obligations of Lessee in its maintenance of the private and public Improvements on and within the Site to the back of the curblineline.

II. PARTIES TO THE AGREEMENT

The Community Development Commission of the County of Los Angeles is a public body corporate and politic of the State of California. The "Lessor" as used in this Agreement includes the Community Development Commission of the County of Los Angeles and any assignee of or successor to its rights, powers, and responsibilities. The "Lessee" as used in this Agreement is the United Friends of the Children, which is duly operating and doing business under the laws of the State of California.

III. REPRESENTATIVE OF THE PARTIES AND SERVICES OF NOTICES

The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

Lessor:           Taufiq K. "Syed" Rushdy, Director of Housing  
                    Development and Preservation  
                    Community Development Commission of  
                    the County of Los Angeles  
                    2 Coral Circle  
                    Monterey Park, CA 91755

Lessee:           Polly Williams, President  
                    The United Friends of the Children  
                    1055 Wilshire Blvd., Suite 1955  
                    Los Angeles, CA 90017

Formal notices, demands and communications to be given hereunder by any party shall be made in writing and may be effected by personal delivery, telecopy, overnight delivery service or by registered or certified mail, postage prepaid, return receipt requested. Notices which are properly mailed shall be deemed communicated as of 5:00 p.m. three (3) days after the date of mailing.

If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accordance with this section, within five (5) working days of said change.

IV. PERFORMANCE OF MAINTENANCE

A. Lessee shall maintain or cause to be maintained, for the term of the Lease Agreement, in accordance with Commission Standards, as hereinafter defined, the private Improvements, public Improvements and landscaping to the curblin(e)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 curblin(e)s abutting the Site.

B. To accomplish the maintenance, Lessee shall either staff or contract 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 Lessee and its maintenance staff, contractors or subcontractors:

1. Ordinary Maintenance Standards - The Lessee 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. The Lessee shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Attachment C-1 and incorporated herein by this reference.

2. Annual Inspection Standards - The Lessee shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Attachment C-2 and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Lessor on an annual basis, and at the end of each year the Lessee shall submit to the Lessor a declaration certifying that the annual inspection, as set forth in Attachment C-2, was performed at the Site. The Lessee shall retain records of the inspection and make them available for review by the Lessor at the request of the Lessor.

3. Preventative Maintenance Standards - The Lessee shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Attachment C-3 and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported to the Lessor on an annual basis, and at the end of each year the Lessee shall submit to the Lessor a declaration certifying that the preventative maintenance, as set forth in Attachment C-3, was performed at the Site. The Lessee shall retain records of the inspection and make them available for review by the Lessor at the request of the Lessor.

4. Extraordinary Maintenance - The Lessor shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, including extraordinary replacement of equipment, betterment, and additions, except to the extent that these result from or are necessitated by the negligence of or neglect of the Lessee. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time. 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, except to the extent that these result from or are necessitated by the negligence of or neglect of the Lessee.

D. The Lessor may enter and inspect the Premises at any time after notifying the Lessee 72 hours prior to the planned

inspection, and said notice shall be delivered to the Lessee at the address indicated in paragraph III above.

V. FAILURE TO MAINTAIN IMPROVEMENTS

In the event Lessee does not maintain the Site Improvements to the curblin(e) in the manner set forth herein and in accordance with Commission Standards, Lessor shall have the right to maintain such private and/or public Improvements, or to contract for the correction of such deficiencies, after written notice to Lessee. However, prior to taking any such action, Lessor agrees to notify Lessee in writing if the condition of said Improvements does not meet with Commission Standards and to specify the deficiencies and the actions required to be taken by Lessee to cure the deficiencies. Upon notification of any maintenance deficiency, Lessee shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to public health and safety, then Lessee shall have forty-eight (48) hours to rectify the problem.

In the event Lessee fails to correct, remedy, or cure such maintenance deficiency after notification and after the period of correction has lapsed, then Lessor shall have the right to maintain such Improvements. Lessee agrees to pay Lessor such maintenance charges and costs incurred during the term of the Lease Agreement. Until so paid, Lessor 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 Claim of Lien against the Site, such lien shall constitute a lien on the Leasehold interest 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; and (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 Lessee 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 Lessor 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 Lessor 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 Lessor 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 Lessor and fee title to various portions of the Site is held under separate lesseeships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Lessor to reimburse the Lessor for the cost of undertaking such maintenance obligations of Lessee and its successors and the lien for such charges shall be apportioned among the fee Lessees of the various portions of the Site under different Lesseeships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate Lessee of a portion of the Site shall have any liability for the apportioned liabilities of any other separate Lessee 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 Lessee who is liable for the apportioned lien and against no other portion of the Site. Lessee acknowledges and agrees Lessor may also pursue any and all other remedies available in law or equity. Lessee shall be liable for any and all attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

#### VI. COMPLIANCE WITH LAW

Lessee shall comply with all local, state and federal laws relating to the uses of or condition of the Site private Improvements and public Improvements to the curblines(s). As specified in the above, Lessee can terminate this Lease under Sections 3.1 and 6.1. Local laws for the purposes of this section shall include only those ordinances that 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), Lessee shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

VII. 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 III hereof. If the defaulting party within a reasonable time commences to cure, correct, or remedy such default, and shall complete such cure, correction or remedy with reasonable and due diligence, within a thirty (30) day period or such longer period as reasonably determined by the Lessor if the default cannot be cured within thirty (30) days, then the defaulting party shall no longer be in default.

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 Lessor or Lessee may have at law or at equity.

VIII. MODIFICATION

This Agreement may be modified only by subsequent mutual written agreement executed by Lessee and Lessor.

IX. 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.

Lessee

By: \_\_\_\_\_  
Polly Williams, President  
United Friends of the Children

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

Attachment C-1  
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 mold. 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 luke warm 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.

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

Attachment C-2  
ANNUAL INSPECTION STANDARDS

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

**DWELLING UNIT -**

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

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

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

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

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

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

DRAPES: In place; clean, uniform appearance; no holes, tears; 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 noise; splashguard in place, intact, firm.

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

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

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

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

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

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

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

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.

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

**COMMON AREAS, GROUNDS AND STRUCTURES -**

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

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

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

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

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

MAILBOXES: Clean; clearly labeled; individual boxes secure.

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

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

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

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

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

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

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

### **GROUND 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 five (5) inches high; litter-free; borders edged; weed-free; no bare spots.

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

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

Attachment C-3  
PREVENTATIVE MAINTENANCE STANDARDS

Preventive maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventive maintenance reduces long-range operating costs and lessens the necessity for major restorations and Improvements. Preventive maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the Lessees.

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

Termite and vermin inspection and elimination.

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.

The devisement, administration and implementation of the preventative maintenance program will be the responsibility of the Lessee and shall be performed on the following schedule or a schedule approved by the Lessor 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. | Street Pavement Inspections and Corrections          | 1 year   |
| 12. | Weather Stripping and Caulking                       | 1 year   |
| 13. | Interior Painting of Units                           | 4 years  |
| 14. | Inspect Exterior Painting of Units:                  |          |
|     | Wood siding and trim                                 | 3 years  |
|     | Brick walls, stucco walls and steel sash             | 5 years  |

EXHIBIT D  
TO  
LEASE

Federal Lobbyist Certification

**FEDERAL LOBBYIST REQUIREMENTS  
CERTIFICATION**

Name of Firm: United Friends of the Children

Address: 1055 Wilshire Blvd., Suite 1955 Los Angeles

State: CA Zip Code: 90017 Telephone Number: (213) 580-1840

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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.

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This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

\_\_\_\_\_  
(Contractor/Subcontractor)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)